



**THE CATECHESIS OF  
THE GOOD SHEPHERD, INC.**

FINANCIAL STATEMENTS

June 30, 2024 and 2023

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Catechesis of the Good Shepherd, Inc.  
Scottsdale, Arizona

### ***Opinion***

We have audited the financial statements of The Catechesis of the Good Shepherd, Inc., 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 present fairly, in all material respects, the financial position of The Catechesis of the Good Shepherd, Inc. 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 for the Audit of the Financial Statements section of our report. We are required to be independent of The Catechesis of the Good Shepherd, 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 The Catechesis of the Good Shepherd, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's 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 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 The Catechesis of the Good Shepherd, 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 The Catechesis of the Good Shepherd, 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.



Wegner CPAs, LLP  
Madison, Wisconsin  
October 30, 2024

**THE CATECHESIS OF THE GOOD SHEPHERD, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash	\$ 186,358	\$ 194,779
Accounts receivable	15,911	3,410
Accrued interest receivable	16,456	16,921
Investments	999,081	1,055,707
Beneficial interest in assets held by Oak Park River Forest Community Foundation	516,335	431,827
Inventory	133,242	106,730
Prepaid expenses	100,352	1,884
Operating lease right-of-use asset	124,618	20,166
Equipment	143,937	138,980
<b>Total assets</b>	<u>\$ 2,236,290</u>	<u>\$ 1,970,404</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 21,066	\$ 50,563
Accrued payroll	8,007	6,910
Accrued vacation	19,701	13,043
Deferred event revenue	87,550	-
Deferred membership revenue	126,877	109,866
Operating lease liability	124,752	20,238
<b>Total liabilities</b>	387,953	200,620
<b>NET ASSETS</b>		
Without donor restrictions	814,442	796,598
With donor restrictions	1,033,895	973,186
<b>Total net assets</b>	<u>1,848,337</u>	<u>1,769,784</u>
<b>Total liabilities and net assets</b>	<u>\$ 2,236,290</u>	<u>\$ 1,970,404</u>

See accompanying notes.

**THE CATECHESIS OF THE GOOD SHEPHERD, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
REVENUES		
Sales	\$ 405,672	\$ 399,815
Less cost of sales	<u>(220,595)</u>	<u>(232,211)</u>
Sales, net	185,077	167,604
Contributions	166,078	242,319
Membership dues	238,669	244,374
National events	47,379	119,440
Regional course registration fees	82,105	90,445
Royalties	6,616	6,119
Interest	2,469	7,390
Investment return, net	45,925	22,628
Change in value of beneficial interest in assets held by Oak Park River Forest Community Foundation	48,383	30,196
Loss on disposal of equipment	<u>(6,893)</u>	<u>-</u>
Total revenues without donor restrictions	815,808	930,515
EXPENSES		
Program services	716,355	782,924
Management and general	224,556	154,087
Fundraising	<u>64,051</u>	<u>34,697</u>
Total expenses	1,004,962	971,708
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of purpose restrictions	<u>206,998</u>	<u>2,789</u>
Change in net assets without donor restrictions	17,844	(38,404)
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	267,707	972,423
Net assets released from restrictions	<u>(206,998)</u>	<u>(2,789)</u>
Change in net assets with donor restrictions	<u>60,709</u>	<u>969,634</u>
<b>Change in net assets</b>	78,553	931,230
Net assets at beginning of year	<u>1,769,784</u>	<u>838,554</u>
<b>Net assets at end of year</b>	<u>\$ 1,848,337</u>	<u>\$ 1,769,784</u>

See accompanying notes.

**THE CATECHESIS OF THE GOOD SHEPHERD, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
Years Ended June 30, 2024 and 2023

	2024			
	Program Services	Management and General	Fundraising	Total
Personnel	\$ 280,268	\$ 111,473	\$ 27,585	\$ 419,326
Conferences and meetings	198,915	-	-	198,915
Professional fees	50,648	68,838	27,660	147,146
Office expenses	95,662	13,886	7,245	116,793
Information technology	41,319	4,370	-	45,689
Depreciation	15,818	14,365	-	30,183
Occupancy	15,855	6,306	1,561	23,722
Grants to others	8,650	-	-	8,650
Travel	9,220	531	-	9,751
Insurance	-	4,787	-	4,787
<b>Total expenses</b>	<b>\$ 716,355</b>	<b>\$ 224,556</b>	<b>\$ 64,051</b>	<b>\$ 1,004,962</b>

	2023			
	Program Services	Management and General	Fundraising	Total
Personnel	\$ 293,159	\$ 94,562	\$ 17,016	\$ 404,737
Conferences and meetings	223,279	297	-	223,576
Professional fees	67,877	28,155	6,000	102,032
Office expenses	71,408	15,246	10,815	97,469
Information technology	19,659	5,892	-	25,551
Depreciation	36,481	-	-	36,481
Occupancy	14,924	4,814	866	20,604
Grants to others	40,462	-	-	40,462
Travel	15,675	41	-	15,716
Insurance	-	4,472	-	4,472
Interest	-	608	-	608
<b>Total expenses</b>	<b>\$ 782,924</b>	<b>\$ 154,087</b>	<b>\$ 34,697</b>	<b>\$ 971,708</b>

See accompanying notes.

**THE CATECHESIS OF THE GOOD SHEPHERD, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended June 30, 2024 and 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 78,553	\$ 931,230
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	30,183	36,481
Net realized and unrealized gain on investments	(2,999)	(1,473)
Change in value of beneficial interest in assets held by Oak Park River Forest Community Foundation	(48,383)	(30,196)
Loss on disposal of equipment	6,893	-
Amortization of operating lease right-of-use asset	20,166	18,609
(Increase) decrease in assets		
Accounts receivable	(12,501)	2,095
Accrued interest receivable	465	(16,921)
Inventory	(26,512)	(6,036)
Prepaid expenses	(98,468)	(1,884)
Increase (decrease) in liabilities		
Accounts payable	(29,497)	6,102
Accrued payroll	1,097	1,973
Accrued vacation	6,658	1,566
Deferred event revenue	87,550	-
Deferred membership revenue	17,011	11,511
Operating lease liability	(20,104)	(18,537)
<b>Net cash flows from operating activities</b>	<b>10,112</b>	<b>934,520</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of equipment	(42,033)	(132,729)
Purchases of investments	(43,341)	(1,054,234)
Sales of investments	102,966	-
Contributions to beneficial interest in assets held by Oak Park River Forest Community Foundation	(51,000)	(61,000)
Distributions from beneficial interest in assets held by Oak Park River Forest Community Foundation	14,875	11,670
<b>Net cash flows from investing activities</b>	<b>(18,533)</b>	<b>(1,236,293)</b>
Net change in cash	(8,421)	(301,773)
Cash at beginning of year	194,779	496,552
<b>Cash at end of year</b>	<b>\$ 186,358</b>	<b>\$ 194,779</b>

See accompanying notes.



**THE CATECHESIS OF THE GOOD SHEPHERD, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities**

The Catechesis of the Good Shepherd, Inc. (the Organization) is a non-profit organization dedicated to supporting catechists, parents, and others in the Church and beyond, as they grow in their understanding of the religious potential of children. The Organization began with the work and observations of Sofia Cavalletti and Gianna Gobbi, and sustains and advances the legacy of the Organization by forming adults in this method and serving as the resource to the Catechesis of the Good Shepherd community so that a prepared environment can be created that nurtures the religious life of the child. The Organization is an association that serves in collaboration with those in the Church and beyond as a respected voice on the child's spiritual development. The Organization is primarily supported by contributions, membership dues, and sales of books and materials.

**Accounts Receivable**

Accounts receivable primarily represent amounts that are owed for registration fees for National events and sales. The Organization uses historical loss information based on the aging of accounts receivable as the basis to determine expected credit losses. Management believes the composition of accounts receivable is consistent with historical conditions and accounts receivable are expected to be settled within a relatively short time frame based on current conditions. As such, credit losses are expected to be insignificant.

**Beneficial Interest in Assets Held by Oak Park River Forest Community Foundation**

The Organization established a fund at Oak Park River Forest Community Foundation (Foundation). The agreement between the Organization and the Foundation states that the transfer of assets is irrevocable and that the transferred assets will not be returned to the Organization. However, the Foundation will make annual distributions of the income earned on the fund subject to the Foundation's spending policy. The agreement also grants variance power to the Foundation, which permits the Foundation to substitute another beneficiary in place of the Organization if the Organization ceases to exist or if the Foundation's board of governors votes that support of the Organization either is no longer necessary or is inconsistent with the needs of the community. The fair value of the fund is based on the fair value of the underlying assets as reported to the Organization by the Foundation. Little information about those assets is released publicly. The estimated fair value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

**Inventory**

Inventory consists of the Organization's books and materials and is valued at the lower of cost or net realizable value. Cost is determined using the weighted-average cost method.

**Investments**

The Organization reports investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

**THE CATECHESIS OF THE GOOD SHEPHERD, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Equipment**

Purchases of equipment in excess of \$2,500 are recorded at cost and depreciated over the estimated useful lives of the assets using the straight-line method.

**Contributions**

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, 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 donor restrictions.

**Program Service Revenues**

Revenues from sales of books and materials are recognized when the sale takes place. Cost of sales includes costs of goods sold as well as shipping and handling costs to send the merchandise to customers.

Revenues from membership dues is recognized on a straight-line basis over the dues year. Membership is voluntary; therefore, no accounts receivable is recorded, and delinquent dues are not recorded as revenue until received. Dues received in the current year for the ensuing year are presented as deferred revenue in the statements of financial position.

Revenues from national events consists of fees for national courses taught by the Organization. Revenue is recognized when courses are held.

Revenues from regional course registration fees are flat fees received per registration for providing recordkeeping and certificates of regional Formation courses. Revenue is recognized when courses are held.

**Leases**

The Organization does not recognize short-term leases in the statements of financial position. For these leases, the Organization recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. The Organization also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, the Organization uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

**THE CATECHESIS OF THE GOOD SHEPHERD, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Expense Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, office expenses, and occupancy, which are allocated on the basis of estimates of time and effort. All other expenses are charged to program services or supporting activities based upon the types of services performed and expenses incurred.

The following program services and supporting activities are included in the accompanying financial statements:

*Program Services* – Activities related to supporting catechists, parents, and others in the Church and beyond, as they grow in their understanding of the religious potential of children.

*Management and General* – Activities necessary to manage the financial reporting and budgetary responsibilities of the organization.

*Fundraising* – Includes staff time and related expenses to communicate with prospective funding sources.

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

**Income Tax Status**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**Date of Management's Review**

Management has evaluated subsequent events through October 30, 2024, the date which the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS

For the years ended June 30, 2024 and 2023, approximately 23% and 51% of the Organization's revenue was from one foundation.

**THE CATECHESIS OF THE GOOD SHEPHERD, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

NOTE 3 – EQUIPMENT

Equipment consists of the following:

	<u>2024</u>	<u>2023</u>
Furniture and equipment	\$ 8,117	\$ 12,447
Computer hardware	-	3,040
Website	<u>166,565</u>	<u>238,446</u>
Equipment	174,682	253,933
Less accumulated depreciation	<u>30,745</u>	<u>114,953</u>
	<u>\$ 143,937</u>	<u>\$ 138,980</u>

NOTE 4 – BENEFICIAL INTEREST IN ASSETS HELD BY OAK PARK RIVER FOREST COMMUNITY FOUNDATION

Composition of and changes in beneficial interest in assets held by Oak Park River Forest Community Foundation are as follows:

	<u>2024</u>	<u>2023</u>
Beneficial interest in assets held by Oak Park River Forest Community Foundation at beginning of year	\$ 431,827	\$ 352,301
Contributions	51,000	61,000
Disbursements	(14,875)	(11,670)
Change in value of beneficial interest	<u>48,383</u>	<u>30,196</u>
Beneficial interest in assets held by Oak Park River Forest Community Foundation at end of year	<u>\$ 516,335</u>	<u>\$ 431,827</u>

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following:

	<u>2024</u>	<u>2023</u>
Christian parenting of infants and toddlers program	\$ 1,022,217	\$ 961,065
Scholarships for national events	<u>11,678</u>	<u>12,121</u>
	<u>\$ 1,033,895</u>	<u>\$ 973,186</u>

**THE CATECHESIS OF THE GOOD SHEPHERD, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

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NOTE 6 – LEASE AGREEMENT

The Organization leases office space under an operating lease requiring monthly payments of \$2,200 that expires on June 30, 2029.

Other information related to the operating lease is as follows:

	2024	2023
Cash payments classified as part of operating cash flows for amounts included in the measurement of lease liability	\$ 19,939	\$ 19,718
Right-of-use asset obtained in exchange for new lease liability	124,618	38,775
Weighted-average remaining lease term	61 months	11 months
Weighted-average discount rate	4.57%	2.92%

The maturities of the operating lease liability as of June 30, 2024, is as follows:

Year ending June 30:		
2025		\$ 26,400
2026		27,192
2027		28,008
2028		28,848
2029		29,712
Total minimum lease payments		140,160
Imputed interest		(15,408)
Total operating lease liability		\$ 124,752

Lease expense for the years ended June 30, 2024 and 2023, was \$23,722 and \$20,604 consisting of operating lease cost.

NOTE 7 – INVESTMENTS

Investments at June 30, 2024 and 2023, consist of the following:

	2024	2023
Cash equivalents held by investment managers	\$ 81	\$ 5,707
Certificates of deposit	999,000	650,000
US government bonds	-	400,000
	\$ 999,081	\$ 1,055,707

Certificates of deposit are held at several different national financial institutions. The Federal Deposit Insurance Corporation insures accounts at each institution up to \$250,000. At June 30, 2024 and 2023, the Organization's certificates of deposit balances were completely insured.

**THE CATECHESIS OF THE GOOD SHEPHERD, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

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NOTE 7 – INVESTMENTS (continued)

U.S. government bonds are valued using a market approach that uses as inputs observed interest rates and yield curves, prices in active markets for similar assets, and prices for identical assets in inactive markets that have been adjusted by observable indexes, which are Level 2 fair value measurements.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

NOTE 8 – PAYCHECK PROTECTION PROGRAM

The Organization received two loans totaling \$122,180 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). On March 1, 2021, the SBA preliminarily approved forgiveness of the Organization’s first draw loan. On August 17, 2021, the SBA preliminarily approved forgiveness of the Organization’s second draw loan. The Organization must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review the Organization’s good-faith certification concerning the necessity of its loan request, whether the Organization calculated the loan amount correctly, whether the Organization used loan proceeds for the allowable uses specified in the CARES Act, and whether the Organization is entitled to loan forgiveness in the amount claimed on its application. If SBA determines the Organization was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

NOTE 9 – LIQUIDITY AND AVAILABILITY

The following table reflects the Organization's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general expenditures within one year of June 30, 2024 and 2023, because of donor-imposed restrictions.

	2024	2023
Financial assets at year-end	\$ 1,217,806	\$ 1,270,817
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions	(1,033,895)	(973,186)
Financial assets available to meet cash needs for general expenditures within one year	\$ 183,911	\$ 297,631

The Organization’s cash flow fluctuations during the year are attributable to timing of contributions and program service revenues. As part of the Organization’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.