



Financial Statements  
December 31, 2023 and 2022

**VSS Catholic Communications, Inc.**

Independent Accountant’s Review Report.....	1
Financial Statements	
Statements of Assets, Liabilities, and Net Assets – Modified Cash Basis .....	3
Statement of Revenue, Gains, and Other Support and Expenses – Modified Cash Basis .....	4
Statement of Expenses by Nature and Function – Modified Cash Basis .....	6
Notes to Financial Statements .....	8



## Independent Accountant's Review Report

To the Board of Directors  
VSS Catholic Communications, Inc.  
Omaha, Nebraska

We have reviewed the accompanying financial statements of VSS Catholic Communications, Inc. d/b/a Spirit Catholic Radio (the Organization), which comprise the statements of assets, liabilities and net assets – modified cash basis as of December 31, 2023 and 2022, and related statements of revenue, gains, and other support and expenses – modified cash basis and expenses by nature and function – modified cash basis for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting the Organization uses is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

### Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order to be in accordance with the modified cash basis of accounting.

## **Basis of Accounting**

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

*Eide Bailly LLP*

Omaha, Nebraska

June 6, 2024

VSS Catholic Communications, Inc.  
 Statements of Assets, Liabilities, and Net Assets – Modified Cash Basis  
 December 31, 2023 and 2022

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	2023	2022
Assets		
Cash	\$ 431,951	\$ 1,372,715
Investments	1,934,611	-
Certificates of deposit	-	905,655
Property and equipment, net	949,374	905,307
Intangible assets	4,697,500	4,697,500
Total assets	\$ 8,013,436	\$ 7,881,177
Commitments		
Net Assets		
Without donor restrictions	\$ 7,871,505	\$ 7,337,326
With donor restrictions	141,931	543,851
Total net assets	\$ 8,013,436	\$ 7,881,177

VSS Catholic Communications, Inc.  
Statement of Revenue, Gains, and Other Support and Expenses – Modified Cash Basis  
Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Percent of Total Revenues</u>	
Support and Revenues					
Contributions	\$ 2,071,096	\$ 42,092	\$ 2,113,188	80.7	%
Underwriting revenue	369,062	-	369,062	14.1	
Investment income	107,790	-	107,790	4.1	
Other revenue	29,609	-	29,609	1.1	
Net assets released from restrictions	444,012	(444,012)	-	-	
Total support and revenues	<u>3,021,569</u>	<u>(401,920)</u>	<u>2,619,649</u>	<u>100.0</u>	
Expenses					
Program	1,776,650	-	1,776,650	67.8	
General and administrative	266,324	-	266,324	10.2	
Fundraising	444,416	-	444,416	17.0	
Total expenses	<u>2,487,390</u>	<u>-</u>	<u>2,487,390</u>	<u>95.0</u>	
Change in Net Assets	534,179	(401,920)	132,259	5.0	%
Net Assets, Beginning of Year	<u>7,337,326</u>	<u>543,851</u>	<u>7,881,177</u>		
Net Assets, End of Year	<u>\$ 7,871,505</u>	<u>\$ 141,931</u>	<u>\$ 8,013,436</u>		

VSS Catholic Communications, Inc.  
Statement of Revenue, Gains, and Other Support and Expenses – Modified Cash Basis  
Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Percent of Total Revenues</u>	
Support and Revenues					
Contributions	\$ 2,346,420	\$ 393,571	\$ 2,739,991	87.8	%
Underwriting revenue	372,955	-	372,955	12.0	
Other revenue	7,168	-	7,168	0.2	
Net assets released from restrictions	30,360	(30,360)	-	0.0	
	<u>2,756,903</u>	<u>363,211</u>	<u>3,120,114</u>	<u>100.0</u>	
Total support and revenues					
Expenses					
Program	1,601,664	-	1,601,664	51.3	
General and administrative	276,019	-	276,019	8.8	
Fundraising	419,243	-	419,243	13.4	
	<u>2,296,926</u>	<u>-</u>	<u>2,296,926</u>	<u>73.5</u>	
Total expenses					
Change in Net Assets	459,977	363,211	823,188	26.5	%
Net Assets, Beginning of Year	<u>6,877,349</u>	<u>180,640</u>	<u>7,057,989</u>		
Net Assets, End of Year	<u>\$ 7,337,326</u>	<u>\$ 543,851</u>	<u>\$ 7,881,177</u>		

VSS Catholic Communications, Inc.  
Statement of Expenses by Nature and Function – Modified Cash Basis  
Year Ended December 31, 2023

	Program	General and Administrative	Fundraising	Total	Percent of Total
Salaries and wages	\$ 807,714	\$ 146,728	\$ 244,064	\$ 1,198,506	48.2 %
Employee benefits	192,430	33,657	55,768	281,855	11.2
Rent	171,634	2,432	2,432	176,498	7.1
Equipment under capitalization	142,201	-	-	142,201	5.7
Office expense	90,642	12,746	9,315	112,703	4.5
Development	-	-	95,218	95,218	3.8
Depreciation	71,746	8,968	8,968	89,682	3.6
Payroll taxes	56,547	10,272	17,087	83,906	3.4
Utilities	74,274	1,520	1,520	77,314	3.1
Insurance	46,619	2,590	2,590	51,799	2.3
Professional and bank fees	13,134	36,319	-	49,453	2.0
Education services	48,384	-	-	48,384	1.9
Production	19,706	-	-	19,706	0.8
Repairs and maintenance	17,025	915	915	18,855	0.8
Printing and postage	1,900	10,177	6,539	18,616	0.7
Travel	14,478	-	-	14,478	0.6
Conferences, speakers, dinners	8,216	-	-	8,216	0.3
<b>Total expenses</b>	<b><u>\$ 1,776,650</u></b>	<b><u>\$ 266,324</u></b>	<b><u>\$ 444,416</u></b>	<b><u>\$ 2,487,390</u></b>	<b><u>100.0 %</u></b>



VSS Catholic Communications, Inc.  
Statement of Expenses by Nature and Function – Modified Cash Basis  
Year Ended December 31, 2022

	Program	General and Administrative	Fundraising	Total	Percent of Total
Salaries and wages	\$ 742,528	\$ 155,540	\$ 226,775	\$ 1,124,843	49.0 %
Employee benefits	196,979	36,761	57,277	291,017	12.6
Rent	150,270	1,951	1,951	154,172	6.7
Equipment under capitalization	108,578	-	-	108,578	4.7
Office expense	118,188	16,496	12,816	147,500	6.3
Development	-	-	86,467	86,467	3.8
Depreciation	38,448	4,806	4,806	48,060	2.1
Payroll taxes	54,225	11,359	16,561	82,145	3.6
Utilities	54,255	1,301	1,301	56,857	2.5
Insurance	43,456	2,414	2,414	48,284	2.1
Professional and bank fees	9,105	31,987	-	41,092	1.8
Education services	14,591	-	-	14,591	0.6
Production	17,026	-	-	17,026	0.7
Repairs and maintenance	28,363	1,480	1,480	31,323	1.4
Printing and postage	-	11,509	7,395	18,904	0.9
Travel	8,507	-	-	8,507	0.4
Conferences, speakers, dinners	9,057	-	-	9,057	0.4
Other	8,088	415	-	8,503	0.4
<b>Total expenses</b>	<b><u>\$ 1,601,664</u></b>	<b><u>\$ 276,019</u></b>	<b><u>\$ 419,243</u></b>	<b><u>\$ 2,296,926</u></b>	<b><u>100.0 %</u></b>

### **Note 1 - Organization**

VSS Catholic Communications, Inc. d/b/a Spirit Catholic Radio (the Organization) is incorporated in the State of Nebraska as a not-for-profit organization. The purpose is to broadly employ broadcast media to transmit the Gospel of Jesus Christ with the fullness of the living Tradition as preserved, revered, and proclaimed by the Catholic Church for more than 2,000 years.

### **Note 2 - Summary of Significant Accounting Policies**

The following is a summary of significant accounting policies of the Organization.

#### **Basis of Accounting**

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The modified cash basis differs from GAAP in that revenue is recognized when received instead of when the unconditional promise to give is provided, payments to vendors and employees are recognized when paid instead of when goods or services are received, and operating leases are not recognized as right of use assets or liabilities in the statements of assets, liabilities, and net assets – modified cash basis. The cash method has been modified to recognize:

- Investments at fair market value
- Certificates of deposit at cost plus accrued interest
- Capitalization, depreciation, and impairment of long-lived assets
- Capitalization and impairment of indefinite-lived assets

Accordingly, the financial statements are not intended to present the financial position and changes in net assets in conformity with GAAP.

#### **Basis of Presentation**

The Organization maintains the following classes of net assets:

Without Donor Restrictions - Represents net assets that are not subject to donor-imposed restrictions.

With Donor Restrictions - Represents net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time or that will be maintained permanently by the Organization.

### **Use of Estimates**

The preparation of financial statements in conformity with the modified cash basis of accounting requires the use of estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

### **Certificates of Deposit**

Certificates of deposit are recorded at cost plus accrued interest.

### **Investments**

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at fair value in the statements of assets, liabilities, and net assets – modified cash basis. Gains or losses on investments are recognized as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Certain investment funds are held in a pooled fund through the Catholic Foundation of Southern Nebraska (CFSN), the Catholic Futures Foundation of Northeast Nebraska (CFFNN), and are on deposit with Merrill Lynch. Investments are intended to not only meet the objectives of investment and economic performance, but also to meet the objectives of social and moral responsibility and to support business that is in harmony with moral and social teachings of the Catholic Church.

### **Property and Equipment, Net**

Property and equipment are recorded at cost. The Organization maintains a capitalization policy of \$15,000. Depreciation of property and equipment is computed using the straight-line method. Depreciable lives of property and equipment are as follows:

Buildings and improvements	5 - 39 years
Equipment	5 years
Vehicles	3 - 5 years

When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any resulting gain or loss on disposition is reflected in the statements of revenue, gains and other support and expenses – modified cash basis. Repairs and maintenance are expensed as incurred; expenditures for additions, improvements and replacements are capitalized.

Gifts of cash that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the acquired long-lived assets are placed into service.

### **Intangible Assets**

Intangible assets consists of ownership of seven radio frequencies. The Organization is granted a license to broadcast over the frequency through the Federal Communications Commission (FCC). While licenses are issued for only a fixed time, such licenses are subject to renewal by the FCC. Renewals of licenses have occurred routinely and at nominal cost. As a result, the Organization treats the radio frequencies as indefinite-lived intangible assets.

Identifiable intangible assets with indefinite lives are not amortized and are assessed for impairment of value annually or whenever events or changes in circumstances indicate the carrying amount of the asset may be impaired. During this assessment, management relies on a number of factors, including operating results, business plans, and historical trends. If impaired, the asset's carrying amount is reduced to its fair market value. Management did not record any impairment during the years ended December 31, 2023 and 2022.

### **Donor Restricted Contributions**

Gifts are reported as support 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 as net assets without donor restrictions and reported as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions.

### **Functional Expenses**

The costs of providing various programs and activities have been summarized on a functional basis in the financial statements. Certain costs, including salaries and benefits and occupancy, have been allocated among the programs and supporting services benefited using estimates of employee time spent on respective functions or estimated building square footage.

### **Advertising Costs**

The Organization expenses advertising costs as they are incurred. Advertising expense for the years ended December 31, 2023 and 2022 were \$8,463 and \$11,364, respectively, and are included in education services on the statements of expenses by nature and function – modified cash basis.

### **Income Taxes**

The Organization is organized as a Nebraska nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. 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 their exempt purpose. The Organization determined that they are 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 the Organization has appropriate support for any tax positions taken affecting its 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 paid.

### Subsequent Events

The Organization considered events occurring through June 6, 2024 for recognition or disclosure as subsequent events in the financial statements. That date is the date the financial statements were available to be issued.

### Note 3 - Liquidity and Availability of Resources

As of December 31, 2023 and 2022, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

	<u>2023</u>	<u>2022</u>
Financial assets available within one year		
Cash	\$ 431,951	\$ 1,372,715
Investments	1,934,611	-
Certificates of deposit, maturing within one year	-	905,655
Total financial assets available within one year	<u>2,366,562</u>	<u>2,278,370</u>
Liquidity resources available within one year		
Line of credit	<u>100,100</u>	<u>100,100</u>
Less financial assets unavailable for general expenditures within one year:		
Donor restricted amounts for specific purpose	<u>(141,931)</u>	<u>(543,851)</u>
Total financial assets and liquidity resources available within one year for general expenditures	<u>\$ 2,324,731</u>	<u>\$ 1,834,619</u>

The Organization's cash flows have seasonal variations based on when they run their membership drives (spring and fall) when there is a higher concentration of gifts, as well as year-end donations. To manage liquidity, the Organization maintains a line of credit of \$100,100 (see Note 6).

**Note 4 - Investments**

Investments consist of the following at December 31, 2023:

	2023
Marketable Securities	
Cash and cash equivalents	\$ 64,421
U.S. treasury bill	475,883
CFSN	
Cash and cash equivalents	29,440
Equity	278,237
Fixed income	127,773
Fixed income (alternative)	1,551
CFFNN	
Equity	574,384
Fixed Income	382,922
	\$ 1,934,611

**Note 5 - Property and Equipment, Net**

Property and equipment at December 31, 2023 and 2022 consisted of the following:

	2023	2022
Land	\$ 112,000	\$ 112,000
Buildings and improvements	1,034,487	1,034,487
Equipment	902,541	836,249
Vehicles	101,145	101,145
Construction in progress	113,644	46,187
	2,263,817	2,130,068
Less accumulated depreciation	(1,314,443)	(1,224,761)
	\$ 949,374	\$ 905,307

**Note 6 - Line of Credit**

The Organization has an unsecured revolving line of credit providing for maximum borrowings of \$100,100. The line of credit matures December 31, 2049 and bears interest at 8.25%. As of December 31, 2023 and 2022, there were no amounts drawn on the line.

**Note 7 - Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes at December 31, 2023 and 2022:

	2023	2022
Subject to expenditure for specified purpose		
Signal expansion and transmitter replacement	\$ 135,631	\$ 393,571
Billboard	6,300	-
Chief Programming Officer employed position	-	150,000
Future operations	-	280
	\$ 141,931	\$ 543,851
Total purpose restrictions		

**Note 8 - Operating Leases**

The Organization has various operating leases for office space, radio towers, and vehicles, which expire through 2031. In addition to rent, the Organization also pays monthly costs for common area maintenance. Rent and common area maintenance expense for the years ended December 31, 2023 was \$176,498 and \$154,172, respectively. Future minimum lease payments for the years ending after December 31, 2023 are as follows:

2024	\$ 173,508
2025	155,131
2026	158,772
2027	148,436
2028	138,759
Thereafter	368,812
Total minimum lease payments	\$ 1,143,418

**Note 9 - Retirement Plan**

The Organization has a 401(k) defined contribution plan that covers all employees. Employees are eligible to make salary deferral contributions once they reach the age of 18. The Organization may make annual discretionary profit sharing and/or matching contributions for all eligible employees who meet certain criteria. Contributions made by the employer vest with the employee over a six-year schedule. Total contributions to the plan for the years ended December 31, 2023 and 2022 were \$91,517 and \$85,317, respectively.

**Note 10 - Related Party Transactions**

During the years ended December 31, 2023 and 2022, the Organization received contributions of approximately \$103,000 and \$153,000 from related parties, primarily board members.

**Note 11 - Concentrations, Risks and Uncertainties**

The Organization is supported by contributions from the public. Its market is concentrated in the state of Nebraska.

The Organization maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2023 and 2022, the Organization had approximately \$93,000 and \$1,504,000, respectively, in excess of FDIC-insured limits.

Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk and overall market volatility.