

**CATHOLIC CHARITIES, INC.**  
**INDEPENDENT AUDITOR'S REPORT AND**  
**FINANCIAL STATEMENTS**

Years Ended June 30, 2024 and 2023

**CATHOLIC CHARITIES, INC.**  
**Wichita, Kansas**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
**CATHOLIC CHARITIES, INC.**

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of Catholic Charities, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Catholic Charities, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Catholic Charities, 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 opinions.

#### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the Organization adopted new accounting guidance, Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments*. Our opinion is not modified with respect to this matter.

#### **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 Charities, 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Charities, 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 Charities, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2024, on our consideration of Catholic Charities, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Catholic Charities, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Catholic Charities, Inc.'s internal control over financial reporting and compliance.

*Swindoll, Janzen, Hawk & Loyd, LLC*

Wichita, Kansas  
November 25, 2024

**CATHOLIC CHARITIES, INC.**

**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2024 and 2023**

	<b><u>ASSETS</u></b>	
	<b><u>2024</u></b>	<b><u>2023</u></b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,214,107	\$ 1,521,127
Accounts receivable		
Grants	467,464	338,699
Clients, net of allowance for credit losses of \$5,700 in 2024 and \$5,700 in 2023	329,248	272,959
Contributions receivable		
Promises to give, net of discounts of \$7,269 in 2024 and \$10,684 in 2023	105,186	111,386
Investments	9,577,825	8,744,810
Prepaid expenses	4,841	8,377
Operating lease right-of-use asset	34,358	104,577
Finance lease right-of-use asset, net of amortization of \$37,186 in 2024 and \$106,065 in 2023	165,646	26,516
Property and equipment, net	7,091,477	7,377,087
<b>TOTAL ASSETS</b>	<b>\$ 18,990,152</b>	<b>\$ 18,505,538</b>
	<b><u>LIABILITIES AND NET ASSETS</u></b>	
<b>LIABILITIES</b>		
Accounts payable	\$ 135,904	\$ 63,960
Accrued compensation and benefits	477,790	398,049
Deferred revenue	15,000	7,066
Operating lease liability	37,723	106,520
Finance lease liability	168,786	30,079
<b>TOTAL LIABILITIES</b>	<b>835,203</b>	<b>605,674</b>
<b>NET ASSETS</b>		
Without donor restrictions	12,614,093	12,624,616
With donor restrictions	5,540,856	5,275,248
<b>TOTAL NET ASSETS</b>	<b>18,154,949</b>	<b>17,899,864</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 18,990,152</b>	<b>\$ 18,505,538</b>

See Notes to Financial Statements

**CATHOLIC CHARITIES, INC.**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the Year Ended June 30, 2024**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUE, GAINS AND OTHER SUPPORT</b>			
Net client service fees	\$ 2,949,053	\$ -	\$ 2,949,053
Public grants	3,439,762	-	3,439,762
Private grants and contributions	-	135,144	135,144
Contributions of cash and other financial assets	1,886,591	21,335	1,907,926
Contributions of nonfinancial assets	1,581,267	-	1,581,267
Diocesan subsidy	835,000	-	835,000
United Way funding	245,278	-	245,278
Fundraising events	492,244	-	492,244
Investment income (Note 3)	631,444	264,903	896,347
Loss on disposal of property and equipment	(8,587)	-	(8,587)
Other	12,595	-	12,595
<b>TOTAL REVENUE, GAINS AND OTHER SUPPORT</b>	<b>12,064,647</b>	<b>421,382</b>	<b>12,486,029</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Satisfaction of purpose restrictions	155,774	(155,774)	-
<b>TOTAL NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>155,774</b>	<b>(155,774)</b>	<b>-</b>
<b>EXPENSES</b>			
Program services			
Counseling	375,976	-	375,976
Adult Day Services	2,473,536	-	2,473,536
Our Daily Bread	1,321,055	-	1,321,055
Southeast Kansas Social Services	634,430	-	634,430
St. Anthony Family Shelter	1,875,036	-	1,875,036
Harbor House	2,837,072	-	2,837,072
Foster Grandparents	440,313	-	440,313
Immigration Services	420,483	-	420,483
Support Services			
Management and general	1,441,761	-	1,441,761
Fundraising and public relations	411,282	-	411,282
<b>TOTAL EXPENSES</b>	<b>12,230,944</b>	<b>-</b>	<b>12,230,944</b>
<b>CHANGE IN NET ASSETS</b>	<b>(10,523)</b>	<b>265,608</b>	<b>255,085</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>12,624,616</b>	<b>5,275,248</b>	<b>17,899,864</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 12,614,093</b>	<b>\$ 5,540,856</b>	<b>\$ 18,154,949</b>

See Notes to Financial Statements

**CATHOLIC CHARITIES, INC.**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the Year Ended June 30, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUE, GAINS AND OTHER SUPPORT</b>			
Net client service fees	\$ 2,568,918	\$ -	\$ 2,568,918
Public grants	3,639,806	-	3,639,806
Private grants and contributions	-	120,120	120,120
Contributions of cash and other financial assets	1,766,164	250,000	2,016,164
Contributions of nonfinancial assets	1,350,924	-	1,350,924
Diocesan subsidy	791,000	-	791,000
United Way funding	296,569	-	296,569
Fundraising events	333,554	-	333,554
Investment income (Note 3)	502,762	185,333	688,095
Gain on disposal of property and equipment	340,834	-	340,834
Other	9,655	-	9,655
	<u>11,600,186</u>	<u>555,453</u>	<u>12,155,639</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Net asset transfers	(258,767)	258,767	
Net assets released - satisfaction of purpose restrictions	71,951	(71,951)	-
	<u>(186,816)</u>	<u>186,816</u>	<u>-</u>
<b>EXPENSES</b>			
Program services			
Counseling	339,327	-	339,327
Adult Day Services	2,132,911	-	2,132,911
Our Daily Bread	1,035,366	-	1,035,366
Southeast Kansas Social Services	863,528	-	863,528
St. Anthony Family Shelter	1,849,201	-	1,849,201
Harbor House	2,517,458	-	2,517,458
Foster Grandparents	395,275	-	395,275
Immigration Services	382,987	-	382,987
Support Services			
Management and general	1,545,370	-	1,545,370
Fundraising and public relations	399,871	-	399,871
	<u>11,461,294</u>	<u>-</u>	<u>11,461,294</u>
<b>CHANGE IN NET ASSETS</b>	(47,924)	742,269	694,345
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>12,672,540</u>	<u>4,532,979</u>	<u>17,205,519</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 12,624,616</u>	<u>\$ 5,275,248</u>	<u>\$ 17,899,864</u>

See Notes to Financial Statements



**CATHOLIC CHARITIES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2024**

	<b>Program Services</b>					
				<b>Southeast</b>		
	<b>Counseling</b>	<b>Adult Day Services</b>	<b>Our Daily Bread</b>	<b>Kansas Social Services</b>	<b>Homeless Prevention</b>	<b>Harbor House</b>
Salaries and benefits	\$ 262,092	\$ 1,383,076	\$ 71,094	\$ 255,278	\$ 815,894	\$ 1,509,709
Professional fees and dues	53,054	358,786	124,115	57,439	251,221	327,027
Occupancy	37,243	150,711	34,466	17,330	153,156	128,458
Supplies	8,012	142,329	1,079,354	14,460	167,215	296,989
Travel and automobile	118	88,151	6,830	7,119	12,537	41,346
Stipends	-	-	-	-	-	-
Special assistance to individuals	-	-	-	278,599	331,625	420,393
Interest	-	-	-	-	-	-
Other	9,891	13,218	27	2,304	45,638	41,967
Subtotal	370,410	2,136,271	1,315,886	632,529	1,777,286	2,765,889
Depreciation and amortization	5,566	337,265	5,169	1,901	97,750	71,183
<b>TOTAL EXPENSES</b>	<b>\$ 375,976</b>	<b>\$ 2,473,536</b>	<b>\$ 1,321,055</b>	<b>\$ 634,430</b>	<b>\$ 1,875,036</b>	<b>\$ 2,837,072</b>

See Notes to Financial Statements

**CATHOLIC CHARITIES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES (continued)**  
**For the Year Ended June 30, 2024**

	<u>Program Services</u>		<u>Support Services</u>		
	<u>Foster</u>	<u>Immigration</u>	<u>Management</u>	<u>Fundraising</u>	
	<u>Grandparents</u>	<u>Services</u>	<u>and General</u>	<u>and Public</u>	<u>Total</u>
				<u>Relations</u>	
Salaries and benefits	\$ 158,521	\$ 298,940	\$ 1,630,696	\$ 199,646	\$ 6,584,946
Professional fees and dues	46,436	53,439	(808,493)	17,695	480,719
Occupancy	15,767	42,316	313,183	774	893,404
Supplies	10,345	18,018	207,908	186,013	2,130,643
Travel and automobile	38,593	(391)	9,032	95	203,430
Stipends	168,391	-	-	-	168,391
Special assistance to individuals	-	-	-	-	1,030,617
Interest	-	-	4,237	-	4,237
Other	2,085	7,530	24,700	7,059	154,419
	<u>440,138</u>	<u>419,852</u>	<u>1,381,263</u>	<u>411,282</u>	<u>11,650,806</u>
Subtotal					
Depreciation and amortization	175	631	60,498	-	580,138
	<u>440,138</u>	<u>420,483</u>	<u>1,441,761</u>	<u>411,282</u>	<u>\$12,230,944</u>
TOTAL EXPENSES	\$	\$	\$	\$	

See Notes to Financial Statements

**CATHOLIC CHARITIES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2023**

	<b>Program Services</b>					
				<b>Southeast</b>		
	<b>Counseling</b>	<b>Adult Day Services</b>	<b>Our Daily Bread</b>	<b>Kansas Social Services</b>	<b>Homeless Prevention</b>	<b>Harbor House</b>
Salaries and benefits	\$ 224,014	\$ 1,157,469	\$ 67,929	\$ 239,285	\$ 827,638	\$ 1,335,292
Professional fees and dues	44,887	263,300	97,582	45,517	207,122	265,351
Occupancy	48,535	151,161	25,938	11,732	131,799	124,632
Supplies	5,778	135,151	832,379	5,900	158,032	301,937
Travel and automobile	-	64,187	6,116	797	12,728	35,772
Stipends	-	-	-	-	-	-
Special assistance to individuals	-	-	-	555,799	389,112	355,314
Interest	-	-	-	-	-	-
Other	12,191	9,151	-	968	23,353	28,436
Subtotal	335,405	1,780,419	1,029,944	859,998	1,749,784	2,446,734
Depreciation and amortization	3,922	352,492	5,422	3,530	99,417	70,724
<b>TOTAL EXPENSES</b>	<b>\$ 339,327</b>	<b>\$ 2,132,911</b>	<b>\$ 1,035,366</b>	<b>\$ 863,528</b>	<b>\$ 1,849,201</b>	<b>\$ 2,517,458</b>

See Notes to Financial Statements

**CATHOLIC CHARITIES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES (continued)**  
**For the Year Ended June 30, 2023**

	<u>Program Services</u>		<u>Support Services</u>		
	<u>Foster</u>	<u>Immigration</u>	<u>Management</u>	<u>Fundraising</u>	
	<u>Grandparents</u>	<u>Services</u>	<u>and General</u>	<u>and Public</u>	<u>Total</u>
				<u>Relations</u>	
Salaries and benefits	\$ 156,277	\$ 276,204	\$ 1,668,526	\$ 231,652	\$ 6,184,286
Professional fees and dues	39,684	38,276	(741,432)	20,040	280,327
Occupancy	16,094	40,615	320,691	938	872,135
Supplies	10,077	19,051	221,920	134,940	1,825,165
Travel and automobile	38,605	844	8,186	309	167,544
Stipends	133,078	-	-	-	133,078
Special assistance to individuals	-	-	-	-	1,300,225
Interest	-	-	252	-	252
Other	1,460	7,397	(5,329)	11,992	89,619
Subtotal	395,275	382,387	1,472,814	399,871	10,852,631
Depreciation and amortization	-	600	72,556	-	608,663
<b>TOTAL EXPENSES</b>	<b>\$ 395,275</b>	<b>\$ 382,987</b>	<b>\$ 1,545,370</b>	<b>\$ 399,871</b>	<b>\$11,461,294</b>

See Notes to Financial Statements

**CATHOLIC CHARITIES, INC.**

**STATEMENTS OF CASH FLOWS**  
**For the Year Ended June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 255,085	\$ 694,345
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	580,138	608,663
Net realized and unrealized (gain) loss on investments	(833,015)	(645,464)
Donated facility usage recorded as contributions	(228,144)	(228,144)
Donated facility usage recorded as occupancy expense	228,144	228,144
Donated food and supplies recorded as contributions	(1,353,123)	(1,122,780)
Donated food and supplies recorded as supplies expense	1,353,123	1,122,780
Reduction in carrying amount of financing lease right-of-use asset (amortization) reported as supplies expense	41,605	53,033
Reduction in carrying amount of operating lease right-of-use asset reported as occupancy expense	71,687	40,200
(Gain) loss on disposal of property and equipment	8,587	(340,834)
Loss on disposal of operating lease	(1,136)	-
Loss on disposal of finance lease	(3,689)	-
Decrease (increase) in:		
Accounts receivable	(185,054)	(159,837)
Contributions receivable	6,200	85,495
Prepaid expenses	3,536	(7,804)
Increase (decrease) in:		
Accounts payable	71,944	10,775
Accrued compensation and benefits	79,741	63,739
Deferred revenue	7,934	(22,074)
Payments on operating lease liability	(69,129)	(39,079)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>34,434</b>	<b>341,158</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(303,915)	(77,244)
Proceeds from the sale of property and equipment	800	549,787
Purchase of investments	-	(500,000)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(303,115)</b>	<b>(27,457)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on finance lease liability	(38,339)	(51,372)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(38,339)</b>	<b>(51,372)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(307,020)</b>	<b>262,329</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,521,127</b>	<b>1,258,798</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,214,107</b>	<b>\$ 1,521,127</b>

See Notes to Financial Statements

**CATHOLIC CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**(1) Summary of significant accounting policies**

**Description of Organization** – Catholic Charities, Inc. (the “Organization”) is a nonprofit organization sponsored by the Catholic Diocese of Wichita. The Chancery Office of the Diocese provides an annual subsidy to partially fund the programs and services provided by the Organization.

The Organization provides the following programs and services throughout the Catholic Diocese of Wichita:

*Counseling* – Individual, family, marital, and school counseling services.

*Adult Day Services* – Licensed facility provides a range of services for the aged and those with developmental, mental and physical disabilities, as well as Alzheimer’s/Dementia.

*Our Daily Bread* – Helps individuals and families meet their nutritional needs by utilizing a model that allows them to personally select products from our food pantry on a monthly basis.

*Southeast Kansas Social Services* – Client assistance including rent and utilities with access to other community support services focused primarily in an eleven county area in the southeastern portion of Kansas.

*Homeless Prevention* – St. Anthony Family Shelter helps homeless families receive emergency shelter, in-house and follow-up case management services, life-skills training and family support services. The Seeds for Success Program helps clients who are facing poverty obtain, maintain and advance in employment by identifying and removing barriers. The SSVF (Supportive Services for Veteran Families) program assists low-income veterans and their families to obtain and maintain stable housing.

*Harbor House* – Provides temporary shelter, counseling, education, outreach and advocacy to women and children who are victims of domestic violence. Outreach services extend to Via Christi Medical Center, the District Attorney’s office, municipal court and the Wichita, Kansas Department of Children and Families Offices.

*Foster Grandparents* – Men and women age 55 and older are placed in 20 to 40 hour per week assignments working with “special needs” children, children in foster care and youth in a variety of community settings. A stipend is paid to those who meet income eligibility requirements.

*Immigration Services* – Assistance in applying for immigration and naturalization benefits, and interpreter services.

**Financial statement presentation** – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. FASB ASU 2016-14 and requires the Organization to report information regarding its financial position and activities utilizing two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets, revenues, expenses, gains and losses are classified based on the existence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**CATHOLIC CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**(1) Summary of significant accounting policies (continued)**

**Cash and cash equivalents** – Cash and cash equivalents includes checking and all highly liquid debt instruments purchased with an original maturity of three months or less. There were no cash equivalents at June 30, 2024 and 2023.

**Accounts receivable** – The Organization's accounts receivable are primarily due from grantor agencies and clients. The allowance for credit losses, if necessary, is specifically determined by management for each payor type balance considering a number of factors, including the length of time accounts receivable are past due, previous loss history and the customer's current ability to pay its obligation to the Organization. The Organization provides an allowance for credit losses when accounts become uncollectible. Uncollectible accounts receivable and payments subsequently received on such receivables are charged or credited to an allowance for credit losses.

**Contributions receivable** – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. No allowance for uncollectible accounts has been established for promises to give, since management deems them to be fully collectible. Conditional promises to give are not included as support until the conditions are substantially met.

**Investments** – Investments consist of money market funds, mutual funds, U.S. Government Treasury bills, equity securities, and investments in the Catholic Diocese of Wichita endowment fund and the Community Foundation of Southeast Kansas. These investments are reported at fair value in the accompanying financial statements as discussed in Note 2. Fair value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**Investment income and gains/(losses)** – Investment income and gains/(losses) restricted by donors are reported as increases/(decreases) in net assets without donor restrictions net of related investment fees if the restrictions are met in the reporting period in which the income and gains/(losses) are recognized.

**Property and equipment** – Property and equipment is carried at cost, if purchased, or estimated fair value at the date of donation, if donated. The rights to use a building, along with related leasehold improvements, are amortized over the shorter of the lease term or their respective estimated useful lives. Construction in process includes assets that are capitalized but have not yet been placed in service and depreciation has not yet begun.

**Depreciation and amortization** – Depreciation and amortization is computed by the straight-line method for the Organization over the following useful lives or lease terms of property and equipment:

Software	3 - 5 years
Vehicles	3 - 5 years
Furniture & fixtures	5 - 10 years
Building and improvements	10 - 40 years
Right-of-use asset - building space	5 years
Right-of-use asset - equipment	2-5 years

**CATHOLIC CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**(1) Summary of significant accounting policies (continued)**

**Income taxes** – The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that may be uncertain. The Organization accounts for its uncertain tax positions in accordance with FASB ASC topic 740 *Accounting for Uncertainty in Income Taxes (ASC 740)*, which clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements and applies to all tax positions related to income taxes under ASC 740. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. Tax years with open statutes of limitations are 2021 and forward.

**Revenue and revenue recognition** – The Organization's exchange-type revenues are generated from counseling, immigration services, and adult day services. Counseling services and immigration services are not associated with client contracts and make up approximately 15% and 17% of net client service fees for the years ended June 30, 2024 and 2023, respectively. Services are rendered at the time of the appointment with no further performance obligation. Therefore, revenue is recognized at the time the service is rendered and payment from the customer is due. For adult day services, which consist of approximately 84% and 83% of net client service fees for the years ended June 30, 2024 and 2023, respectively, there is an agreement for each client that the Organization will provide services, working towards specified objectives, and will be compensated at a fixed rate based on the number of client days provided. Performance obligations are satisfied over time, as client days are provided.

Client service fees are recorded at net realizable amounts, which represent list price net of contractual adjustments (which are the difference between charges and the amount received or receivable from third-party payors) deducted to arrive at net client service fees.

Grant revenue is recognized when the related reimbursable expenditures are incurred. Revenue collected in advance of related expenditures is presented as deferred grant revenue in the statements of financial position.

Unconditional contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received, and are classified as either net assets with donor restrictions or net assets without donor restrictions.

Conditional contributions are accounted for as a liability or are not recognized as revenue initially until the barriers to entitlement are overcome, at which point a transaction is recognized as unconditional and classified as either a net asset with donor restrictions or a net asset without donor restrictions.

Contributions received and unconditional promises to give are initially measured at fair value and are reported as an increase in net assets. Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated asset or if they are designated by the donor as support for future periods. When the donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets are reclassified to net assets without donor restrictions and are reported in the statement of activities and changes in net assets as net assets released from restrictions. Conditional promises to give, which are dependent upon the occurrence of a specified future event or other stipulation, are recognized when the conditions are substantially met.



**CATHOLIC CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**(1) Summary of significant accounting policies (continued)**

**Recognition of donor restrictions** – Support that is restricted by the donor and any investment income, gains, or losses from that support is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Contributions of nonfinancial assets and services** – Nonfinancial assets received are initially measured at fair value and are reported as an increase in net assets as contributions of nonfinancial assets. See Note 11 for details.

**Functional allocation of expenses** – The costs of providing program and other activities has been summarized on a functional basis in the statements of activities and changes in net assets. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied. Salaries and benefits are allocated based on the roles and responsibilities of certain employees. Rent, utilities, depreciation, and other expenses associated with occupancy are allocated based on a pro-rata basis, based on the percentage of square footage occupied.

**Advertising costs** – Advertising costs are charged to operations when incurred. Total advertising costs for the years ended June 30, 2024 and 2023 were \$112,498 and \$112,900, respectively, and are included in supplies expense in the accompanying statements of functional expenses.

**Use of 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 revenues and expenses. Actual results could differ from those estimates.

**Recently adopted accounting pronouncements** – In June 2016, Financial Accounting Standards Board (FASB) issued ASU 2016-13, *Financial Instruments—Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments* (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost. Financial assets held by the company that are subject to the guidance in FASB ASC 326 are trade accounts receivable.

The Organization adopted ASC 326 and all related subsequent amendments thereto effective July 1, 2023 using the modified retrospective approach for all financial assets measured at amortized cost. Consequently, financial information and disclosures under the new standard are not provided for dates prior to July 1, 2023. Prior period information is still disclosed under previously applicable GAAP. The impact of adoption was not considered material to the consolidated financial statements and primarily resulted in enhanced disclosures only.

**CATHOLIC CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**(2) Investments and fair value measurements**

FASB ASC topic, 820 *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology 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.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level or any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis. There have been no changes in the methodologies used at June 30, 2024 and 2023.

*Mutual Funds:* Valued at the closing price reported on the active market and classified as Level 1.

*Community Foundation of Southeast Kansas:* The Organization has a beneficial interest in the Community Foundation of Southeast Kansas (CFSK). The carrying value of this pooled investment is based on fair value as represented to the Organization by the CFSK manager. The Organization and CFSK endeavor to utilize the best available information in measuring fair value. The Organization considers the measurement of its beneficial interest in the CFSK to be a level 3 measurement within the fair value measurement hierarchy.

*Catholic Diocese of Wichita Endowment Fund:* The Organization's investment in the Catholic Diocese of Wichita endowment fund (Fund) is valued by the Catholic Diocese of Wichita based on estimates of the underlying investments of the Funds as provided by fund managers and based on other market-based data. Because the Organization owns an undivided interest in the Fund, its unit of account, for fair value measurement purposes is its interest in the Fund. The Organization cannot look through the Fund to its underlying assets for the classification level in the fair value hierarchy. Rather, it must consider if relevant observable inputs exist for an undivided interest in the Fund. The Fund is classified as Level 3 in the fair value hierarchy because no observable inputs exist for an undivided interest in the Fund.

**CATHOLIC CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**(2) Investments and fair value measurements (continued)**

The following table summarizes the best valuation of the Organization's investments by the above valuation hierarchy at fair value measured on a recurring basis, as of June 30, 2024 and 2023:

<b>June 30, 2024</b>				
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Endowment funds:				
Community Foundation of Southeast Kansas	\$ 39,392	\$ -	\$ -	\$ 39,392
Catholic Diocese of Wichita	8,477,740	-	-	8,477,740
Unendowed investments:				
Mutual fund - money market	35,183	35,183	-	-
Mutual fund - equity securities	217,681	217,681	-	-
Mutual fund - fixed income	807,829	807,829	-	-
Total Investments	<u>\$ 9,577,825</u>	<u>\$ 1,060,693</u>	<u>\$ -</u>	<u>\$ 8,517,132</u>

  

<b>June 30, 2023</b>				
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Endowment funds:				
Community Foundation of Southeast Kansas	\$ 33,627	\$ -	\$ -	\$ 33,627
Catholic Diocese of Wichita	7,707,943	-	-	7,707,943
Unendowed investments:				
Mutual fund - money market	48,268	48,268	-	-
U.S. Government Treasury Bills	199,721	-	199,721	-
Mutual fund - equity securities	114,064	114,064	-	-
Mutual fund - fixed income	641,187	641,187	-	-
Total Investments	<u>\$ 8,744,810</u>	<u>\$ 803,519</u>	<u>\$ 199,721</u>	<u>\$ 7,741,570</u>

Changes in assets measured at fair value using significant unobservable inputs (level 3) are as follows:

	<u><b>2024</b></u>	<u><b>2023</b></u>
Endowment funds, beginning of the year	\$ 7,741,570	\$ 6,869,912
Change in market value of investments	773,444	615,750
Gifts and board designated additions	2,118	255,908
Withdrawals	-	-
Endowment funds, end of year	<u>\$ 8,517,132</u>	<u>\$ 7,741,570</u>

**CATHOLIC CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**(3) Investment income (loss)**

Investment return for the years ended June 30, 2024 and 2023 is comprised of the following:

	<u>2024</u>	<u>2023</u>
Interest and dividend income	\$ 63,332	\$ 42,631
Realized and unrealized gains - Endowment fund	773,444	615,750
Realized and unrealized gains - Other	59,571	29,714
Investment income	<u>\$ 896,347</u>	<u>\$ 688,095</u>

Annual investment advisor fees of .25% are charged by the Diocese and allocated as part of calculating the market value of "units" in the endowment fund investments. Investment management fees of \$8,154 and \$6,441 are not netted against investment income (loss) and are instead included in other expenses in the statement of functional expenses for the years ended June 30, 2024 and 2023, respectively.

**(4) Liquidity and availability**

The following reflects the Organization's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

	<u>2024</u>	<u>2023</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,214,107	\$ 1,521,127
Accounts receivable		
Grants	467,464	338,699
Clients, net of allowance for doubtful accounts	329,248	272,959
Contributions receivable		
Promises to give, net of discount	105,186	111,386
Investments	<u>9,577,825</u>	<u>8,744,810</u>
Total financial assets	<u>11,693,830</u>	<u>10,988,981</u>
Less amounts unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Purpose-restricted net assets	2,623,437	2,622,729
Donor-restricted endowment funds	2,917,420	2,652,519
Board-designated endowment fund (Note 16)	<u>3,714,815</u>	<u>3,229,364</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,438,158</u>	<u>\$ 2,484,369</u>

**CATHOLIC CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**(4) Liquidity and availability (continued)**

The above table reflects donor-restricted and board-designated endowment funds as unavailable because it is the Organization's intention to invest those resources for the long-term support of the Organization. However, if necessary, the Board of Directors could appropriate for general use from either the accumulated investment gains of \$702,370 from donor-restricted endowment funds (\$2,917,420, of which \$2,215,050 is the original gift) or from its board-designated endowment fund (\$3,714,815). Note 5 provides additional information about the Organization's endowment funds.

**(5) Endowment funds**

The endowment includes donor-restricted permanently endowed funds, other donor funds that are restricted as to purpose only and have been designated by the Board of Directors (Board) for investment in the Catholic Diocese of Wichita endowment fund (Fund), and unrestricted funds designated by the Board to be invested in the Fund. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund continues to be reported as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by KS UPMIFA.

In accordance with KS UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose 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

**CATHOLIC CHARITIES, INC.  
NOTES TO FINANCIAL STATEMENTS**

**(5) Endowment funds (continued)**

Endowment net asset composition by type of fund is as follows:

	<b>June 30, 2024</b>		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 3,595,773	\$ -	\$ 3,595,773
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	2,215,050	2,215,050
Accumulated investment gains	-	702,370	702,370
Board designated endowment derived from donor-restricted funds	119,042	1,884,897	2,003,939
	<u>\$ 3,714,815</u>	<u>\$ 4,802,317</u>	<u>\$ 8,517,132</u>
	<b>June 30, 2023</b>		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 3,146,677	\$ -	\$ 3,146,677
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	2,215,050	2,215,050
Accumulated investment gains	-	437,469	437,469
Board designated endowment from donor-restricted funds	82,687	1,859,687	1,942,374
	<u>\$ 3,229,364</u>	<u>\$ 4,512,206</u>	<u>\$ 7,741,570</u>

**CATHOLIC CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**(5) Endowment funds (continued)**

Changes in endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
June 30, 2022	\$ 3,082,293	\$ 3,787,619	\$ 6,869,912
Gifts and board designated additions	5,908	250,000	255,908
Realized and unrealized losses on investments, net	430,417	185,333	615,750
Reclassification of Board designated amounts	(30,487)	30,487	-
Reclassification of donor restricted amounts	(258,767)	258,767	-
Amounts appropriated for expenditure	-	-	-
June 30, 2023	\$ 3,229,364	\$ 4,512,206	\$ 7,741,570
Gifts and board designated additions	2,118	-	2,118
Realized and unrealized gains on investments, net	508,541	264,903	773,444
Reclassification of Board designated amounts	(25,208)	25,208	-
June 30, 2024	<u>\$ 3,714,815</u>	<u>\$ 4,802,317</u>	<u>\$ 8,517,132</u>

*Return Objective and Risk Parameters* - The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity as well as Board designated funds. The Organization's endowment consists of amounts invested in the Fund. The Fund targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The Fund invests in equities, fixed income securities, alternative investment strategies and cash equivalents with the primary objective being preservation of the Fund's purchasing power, seeking a balance between long-term appreciation and current income with relatively low tolerance for risk. The Fund investments shall also meet the objectives of social and moral responsibility in harmony with the teachings of the Catholic Church. The Fund's investment objectives over any five-year moving average is to exceed the annualized increase in the Consumer Price Index by six percentage points and to equal or exceed 105% of a defined composite portfolio. Actual returns of the Fund in any given year may vary from this amount.

*Spending Policy* - Since the purpose of the endowments is to provide for future needs, the reinvestment of earnings and long-term growth is encouraged. The annual withdrawal limit is set at 4% of the average market value of the Fund, determined annually based on the ending market values for the previous twelve calendar quarters.

**CATHOLIC CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**(5) Endowment funds (continued)**

*Funds with Deficiencies* – 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). No deficiencies of this nature were reported in net assets with donor restrictions as of June 30, 2024 or 2023.

**(6) Promises to give**

Promises to give, which are related to a capital campaign for the Organization's Adult Day Services facility, as of June 30 are as follows:

	<u>2024</u>	<u>2023</u>
Within one year	\$ 76,000	\$ 51,000
In one to five years	36,455	71,070
	<u>112,455</u>	<u>122,070</u>
Less discount to net present value	7,269	10,684
	<u><u>\$ 105,186</u></u>	<u><u>\$ 111,386</u></u>

Long-term promises to give have been discounted using a 4.375% and 4.375% rate for 2024 and 2023, respectively. For the years ended June 30, 2024 and 2023, all promises to give are unconditional.

**(7) Property and equipment**

Property and equipment is carried at cost, if purchased, or fair market value, if donated. Property and equipment as of June 30, 2024 and 2023, consisted of the following:

	<u>2024</u>	<u>2023</u>
Land	\$ 437,920	\$ 437,920
Buildings	9,077,152	9,032,258
Building improvements	130,285	94,222
Furniture and equipment	2,318,706	2,140,839
Vehicles	550,774	508,080
Leasehold improvements	14,957	14,956
Software	542,653	589,390
Total cost	<u>13,072,447</u>	<u>12,817,665</u>
Less: accumulated depreciation	<u>(5,980,970)</u>	<u>(5,440,578)</u>
Net property and equipment	<u><u>\$ 7,091,477</u></u>	<u><u>\$ 7,377,087</u></u>

Depreciation and amortization expense for the years ended June 30, 2024 and 2023 totaled \$580,138 and \$608,663, respectively.



**CATHOLIC CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**(8) Leases**

Leases consist of office facilities and copier equipment with various terms under long-term non-cancelable operating and finance lease arrangements. The leases expire at various dates through 2029. An operating lease provides for increases in future minimum annual rental payments, if applicable. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term.

The finance lease with U.S. Bank for copier equipment originally expired effective January 31, 2024. However, the Organization terminated the lease effective August 1, 2023 and replaced it with a new finance lease agreement with Xerox Financial Services, LLC. The Organization recognized a finance right-of-use asset and lease liability of \$202,832 for this copier equipment under a five year lease agreement that will expire on July 31, 2028.

The operating lease with The All Aboard Foundation for office space in Pittsburg, Kansas originally expiring October 31, 2025 was terminated effective February 28, 2024 and resulted in a loss of \$1,136. The Organization entered into a short-term lease with The All Aboard Foundation from March to June of 2024 for total cost of \$12,000.

Effective July 15, 2024, the Organization entered into a sublease agreement with Southeast Kansasworks, Inc. for office space in Pittsburg, Kansas with an initial term of three years with two additional renewal terms. The Organization expects to renew the lease for each of the two renewal terms and will record an initial operating lease right-of-use asset and lease liability of \$102,737 effective July 15, 2024. In addition to the base rent, the Organization is required to reimburse the sublessor for the Organizations pro rata share of utilities paid by the sublessor. These amounts are a variable expense and are not included in the measurement of the right-of-use asset and lease liability. The below schedules have not been updated for this subsequent event.

Total lease costs for the year ended June 30, 2024 and 2023 are as follows:

	2024	2023
Operating lease costs (recorded as occupancy expense)	\$ 40,928	\$ 40,200
Finance lease costs:		
Interest expense	4,237	252
Amortization of right-of-use asset (recorded as supplies expense)	41,605	53,033
Donated facility usage recorded as occupancy expense (see Note 11)	228,144	228,144
	<u>\$ 314,914</u>	<u>\$ 321,629</u>
Weighted-average discount rate:		
Operating leases	4.29%	2.78%
Finance leases	4.24%	0.47%
Weighted-average remaining lease term:		
Operating leases	Years 1.33	2.37
Finance leases	Years 4.08	0.58

**CATHOLIC CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**(8) Leases (continued)**

Future minimum lease payments required under operating and finance leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

Years Ending June 30,	Finance	Operating
2025	\$ 44,931	\$ 27,493
2026	44,931	11,193
2027	44,931	-
2028	44,931	-
2029	3,744	-
Thereafter	-	-
Total lease payments	183,468	38,686
Less: imputed interest	(14,682)	(963)
Present value of liability	<u>\$ 168,786</u>	<u>\$ 37,723</u>

**(9) Retirement plan**

The Organization provides a 403(b) tax deferred plan, restated effective April 1, 2022, for its employees. The tax deferred plan matches employee contributions up to 6%. All contributions are limited to the amount allowable by law. Retirement expense totaled \$175,633 and \$179,456 for the years ended June 30, 2024 and 2023, respectively.

**(10) Net client service fees**

The Organization has agreements with third-party payors that provide for payments to the Organization at amounts less than its established rates. Client service fees were recorded net of \$731,493 and \$594,282 of contractual adjustments for the years ended June 30, 2024 and 2023, respectively.

**(11) Contributed nonfinancial assets**

For the years ended June 30, 2024 and 2023, contributed nonfinancial assets recognized within the statement of activities included:

	2024	2023
Supplies (food)	\$ 1,129,930	\$ 906,847
Facility usage (occupancy)	228,144	228,144
Supplies	223,193	215,933
	<u>\$ 1,581,267</u>	<u>\$ 1,350,924</u>

The Organization recognized contributed nonfinancial assets within revenue, including contributed food, non-food supplies, and rent. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

**CATHOLIC CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**(11) Contributed nonfinancial assets (continued)**

Contributed food and non-food items were predominantly utilized in the following programs: St. Anthony Family Shelter, Harbor House, and Our Daily Bread food pantry. In valuing food and non-food items, the Organization estimates the fair value on the basis of estimates utilized by the donor based on studies performed by the donor.

Contributed rent is used for general and administrative activities. In valuing the contributed rent, associated with offices located in the downtown, Wichita area, the Organization estimated the fair value on the basis of recent comparable rental rates per square foot in the Wichita area.

**(12) Functional allocation of expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and changes in net assets. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied.

**(13) Related party transactions**

Lease Agreement - During 2010, the Organization signed a lease agreement with the Catholic Diocese of Wichita for administrative offices and ministry facilities. The lease agreement provides the Organization with use of a portion of a building for 40 years at rent of one dollar per year. The lease period began in February 2013. The lease agreement also includes a requirement for the Organization and the Catholic Diocese of Wichita to deposit \$500 per month and \$750 per month, respectively, to a maintenance reserve account until the account balance reaches \$200,000.

The monthly deposit requirements are adjusted by the consumer price index on an annual basis. As of June 30, 2024 and 2023, the monthly deposit requirements for the Organization were \$658 and \$625, respectively. The maintenance reserve account can only be used for major repairs or maintenance to the building that do not arise in the ordinary course of business and exceed \$5,000. As of June 30, 2024 and 2023, the Organization held \$63,144 and \$55,246, respectively, in a maintenance reserve fund, recorded as cash and cash equivalents on the statements of financial position.

**(14) Concentrations**

The Organization maintains its cash in one financial institution located in Wichita, Kansas and savings and investments are maintained at the Catholic Diocese of Wichita. Amounts held on deposit at these financial institutions may periodically exceed the Federal Deposit Insurance Corporation ("FDIC") limits. In addition, funds are maintained in a money market sweep account that are not FDIC insured. At June 30, 2024 and 2023, cash deposits held in the financial institutions of \$889,883 and \$1,255,203 were not insured by FDIC coverage, respectively. The Organization has not experienced any losses in such accounts. Management continues to monitor the strength of the financial institutions and feels that the risk of loss is remote.

**CATHOLIC CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**(15) Net assets with donor restrictions**

Net assets with donor restrictions are for the following purposes from the following sources at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purposes:		
Adult Day Services	\$ 502,513	\$ 500,450
Our Daily Bread	8,396	16,455
Counseling/School Counseling	13	10
SEK and Sumner County Social Services	3,686	21,702
Anthony Family Shelter	158,684	177,560
Immigration Services	62	191
Harbor House	57,198	37,929
Management and general	7,988	8,745
Donor purpose restrictions within endowment	1,884,896	1,859,687
Endowment funds:		
Earnings subject to appropriations prior to use	702,370	437,469
Maintained in perpetuity by donor	2,215,050	2,215,050
Total net assets with donor restrictions	<u>\$ 5,540,856</u>	<u>\$ 5,275,248</u>

**(16) Board designated net assets**

Designated net assets have been set aside by the Organization's Board of Directors from unrestricted net assets for Our Daily Bread, Anthony Family Shelter, Harbor House, and other Board designated purposes. Total board designated net assets at June 30, 2024, totaled \$3,714,815 and are classified within net assets without donor restrictions on the statements of financial position.

**(17) Supplemental cash flow disclosures**

Supplemental cash flow information for the years ended June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Cash paid for interest	<u>\$ 4,237</u>	<u>\$ 252</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	<u>\$ 69,129</u>	<u>\$ 39,079</u>
<b>Non-cash investing and financing:</b>		
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	<u>\$ -</u>	<u>\$ 79,752</u>
Finance leases	<u>\$ 202,832</u>	<u>\$ -</u>

**(18) Subsequent events**

An evaluation of subsequent events was completed by management through November 25, 2024, which represents the date the financial statements were available to be issued.

**CATHOLIC CHARITIES, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2024**

<b>Federal Grantor/Pass-Through Entity/Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Grant Number or Pass-through Entity Identifying Number</b>	<b>Expenditures 07/01/23 - 06/30/24</b>
<b>U.S. Department of Agriculture</b>			
Pass-through Kansas State Board of Education			
Child & Adult Care Food Program	10.558		\$ 154,310
<b>U.S. Department of Housing and Urban Development</b>			
Direct programs			
Continuum of Care Rapid Rehousing Program	14.267	KS0143L7P072102	
		KS0143L7P072203	176,331
Continuum of Care Rapid Rehousing Program	14.267	KS0103L7P022106	
		KS0103L7P022107	107,702
Continuum of Care Permanent Supportive Housing	14.267	KS0160R7P072200	56,410
Pass-through City of Wichita			
Community Development Block Grant (1)	14.218	B-22-MC-20-0004	92,692
Emergency Solutions Grant Program	14.231	E22-MC-20-0004	34,000
Pass-through Kansas Housing Resources Corporation			
COVID-19 Emergency Solutions Grant Program	14.231	ESG-CV-FFY2020	47,037
Emergency Solutions Grant Program	14.231	ESG-FFY2023	74,392
<b>Total U.S. Department of Housing and Urban Development</b>			<b>588,564</b>
<b>U.S. Department of Justice</b>			
Direct programs			
Transitional Housing Assistance for Victims of Domestic Violence, Stalking, or Sexual Assault	16.736	15JOVW-22-GG-03206-TRAN	188,302
Pass-through State of Kansas - Office of Attorney General			
Crime Victim Assistance	16.575	24-VOCA-44	
		23-VOCA-45	286,845
Violence Against Women Formula Grants	16.588	23-VAWA-16	
		24-VAWA-17	64,950
<b>Total U.S. Department of Justice</b>			<b>351,795</b>
<b>U.S. Department of Treasury</b>			
Pass-through City of Wichita			
Workforce Development Project - Gap Child Care Assistance	21.027	ARPA	11,986
<b>U.S. Department of Veterans Affairs</b>			
VA Supportive Services for Veteran Families Program	64.033	2014-KS-322-23	259,116
VA Supportive Services for Veteran Families Program	64.033	2014-KS-322SS	119,386
<b>Total U.S. Department of Veterans Affairs</b>			<b>378,502</b>

The accompanying notes are an integral part of this schedule

**CATHOLIC CHARITIES, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2024 (continued)**

**U.S. Department of Health and Human Services**

Pass-through Kansas Department of Children and Families			
Temporary Assistance for Needy Families (2)	93.558	EES-2020-DVSA-01	178,350
Temporary Assistance for Needy Families (2)	93.558	EES-2024-DVSA-01	500,769
Pass-through State of Kansas - Office of the Governor			
Family Violence Prevention and Services Fund	93.671	23-FVPSA-16	55,550
Family Violence Prevention and Services Fund	93.671	FVPSA-DV	72,400
<b>Total U.S. Department of Health and Human Services</b>			<u>807,069</u>

**Corporation for National and Community Service**

Foster Grandparents Program (3)	94.011	21SFEKS001	<u>401,914</u>
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**U.S. Department of Homeland Security**

Pass-through United Way of the Plains			
Emergency Food and Shelter Program	97.024	Phase 41	24,700
	97.024	Phase 39	2,195
	97.024	Phase 40	3,073
	97.024	Phase ARPAR	2,086
<b>Total U.S. Department of Homeland Security</b>			<u>32,054</u>

**\$ 2,914,496**

**Clusters**

(1) HUD CDBG - Entitlement/Special Purpose Grants Cluster	\$ 92,692
(2) HHS - 477 Cluster	679,119
(3) CNCS - Foster Grandparent/Senior Companion Cluster	401,914

The accompanying notes are an integral part of this schedule

**CATHOLIC CHARITIES, INC.**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2024**

**(1) Basis of presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Catholic Charities, Inc. under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**(2) Summary of significant accounting policies**

Expenditures reported on the accompanying Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**(3) Indirect cost rate**

The Organization has an approved indirect cost rate of 48.60%, effective from July 1, 2021 to June 30, 2025, applicable to all programs.

**(4) Other expenditures**

Catholic Charities, Inc. did not receive any federal awards in the form of noncash assistance, insurance, loans, or loan guarantees and incurred no expenditures in relation thereof for the year ended June 30, 2024.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of  
Catholic Charities, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Catholic Charities, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 25, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Swindoll, Janzen, Hawk, & Loyd, LLC*

Wichita, KS  
November 25, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of  
Catholic Charities, Inc.

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Catholic Charities, Inc.'s (Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2024. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Swindoll, Janzen, Hawk & Loyd, LLC*

Wichita, KS  
November 25, 2024

**CATHOLIC CHARITIES, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2024**

**Section 1 – Summary of Auditor’s Results**

**Financial Statements**

- |  |                        |
|--|------------------------|
| 1. Type of auditor’s report issued:                          | Unmodified, GAAP basis |
| 2. Internal control over financial reporting:                |                        |
| a. Material weaknesses identified?                           | No                     |
| b. Significant deficiencies identified?                      | No                     |
| 3. Noncompliance material to the financial statements noted? | No                     |

**Federal Awards**

- |   |                               |
|---|-------------------------------|
| 1. Internal control over major programs:  |                               |
| a. Material weaknesses identified?  | No                            |
| b. Significant deficiencies identified?   | No                            |
| 2. Type of auditor’s report issued on compliance for major programs:  | Unmodified                    |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? | No                            |
| 4. Identification of major programs:  | <u>Federal Assistance No.</u> |
| 477 Cluster:  |                               |
| Temporary Assistance for Needy Families Grant   | 93.558                        |
| 5. Dollar threshold used to distinguish between Type A and Type B programs:                                   | \$750,000                     |
| 6. Auditee qualified as a low-risk auditee?   | Yes                           |

**Section 2 – Findings – Financial Statement Audit**

None noted.

**Section 3 – Findings and Questioned Costs – Major Federal Award Programs**

None noted.