

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

Years Ended June 30, 2025 and 2024

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, 2025 and 2024, 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, 2025 and 2024, 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.

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 December 8, 2025, 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
December 8, 2025

CATHOLIC CHARITIES, INC.

STATEMENTS OF FINANCIAL POSITION
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
ASSETS		
Cash and cash equivalents	\$ 661,873	\$ 1,214,107
Accounts and grants receivable, net		
Grants	327,179	467,464
Clients, net of allowance for credit losses of \$5,700 in 2025 and \$5,700 in 2024	262,314	329,248
Contributions receivable, net		
Promises to give, net of discounts of \$1,269 in 2025 and \$7,269 in 2024	20,721	105,186
Investments	10,429,612	9,577,825
Prepaid expenses	15,661	4,841
Operating lease right-of-use asset	89,569	34,358
Finance lease right-of-use asset, net of amortization of \$98,870 in 2025 and \$37,186 in 2024	526,562	165,646
Property and equipment, net	6,614,431	7,091,477
TOTAL ASSETS	<u><u>\$ 18,947,922</u></u>	<u><u>\$ 18,990,152</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 46,196	\$ 135,904
Accrued compensation and benefits	551,436	477,790
Deferred revenue	15,000	15,000
Operating lease liability	88,535	37,723
Finance lease liability	534,441	168,786
TOTAL LIABILITIES	<u><u>1,235,608</u></u>	<u><u>835,203</u></u>
NET ASSETS		
Without donor restrictions	11,884,703	12,614,093
With donor restrictions	5,827,611	5,540,856
TOTAL NET ASSETS	<u><u>17,712,314</u></u>	<u><u>18,154,949</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 18,947,922</u></u>	<u><u>\$ 18,990,152</u></u>

See Notes to Financial Statements

CATHOLIC CHARITIES, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS AND OTHER SUPPORT			
Net client service fees	\$ 3,279,134	\$ -	\$ 3,279,134
Public grants	4,412,634	-	4,412,634
Private grants and contributions	-	125,779	125,779
Contributions of cash and other financial assets	1,882,036	-	1,882,036
Contributions of nonfinancial assets	1,446,723	-	1,446,723
Diocesan subsidy	850,000	-	850,000
United Way funding	240,664	-	240,664
Fundraising events	485,928	-	485,928
Investment income (Note 3)	626,995	264,728	891,723
Other	14,193	-	14,193
	<u>13,238,307</u>	<u>390,507</u>	<u>13,628,814</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of purpose restrictions	103,752	(103,752)	-
	<u>103,752</u>	<u>(103,752)</u>	<u>-</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS			
	<u>103,752</u>	<u>(103,752)</u>	<u>-</u>
EXPENSES			
Program services			
Counseling	388,117	-	388,117
Adult Day Services	2,849,773	-	2,849,773
Our Daily Bread	1,229,535	-	1,229,535
Southeast Kansas Social Services	1,145,627	-	1,145,627
Homeless Prevention - St. Anthony Family Shelter	2,143,129	-	2,143,129
Harbor House	3,367,024	-	3,367,024
Foster Grandparents	453,021	-	453,021
Immigration Services	532,798	-	532,798
Support Services			
Management and general	1,509,121	-	1,509,121
Fundraising and public relations	453,304	-	453,304
	<u>14,071,449</u>	<u>-</u>	<u>14,071,449</u>
TOTAL EXPENSES	<u>14,071,449</u>	<u>-</u>	<u>14,071,449</u>
CHANGE IN NET ASSETS	(729,390)	286,755	(442,635)
NET ASSETS, BEGINNING OF YEAR	<u>12,614,093</u>	<u>5,540,856</u>	<u>18,154,949</u>
NET ASSETS, END OF YEAR	<u>\$ 11,884,703</u>	<u>\$ 5,827,611</u>	<u>\$ 17,712,314</u>

See Notes to Financial Statements

CATHOLIC CHARITIES, INC.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS AND OTHER SUPPORT			
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
	<u>12,064,647</u>	<u>421,382</u>	<u>12,486,029</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of purpose restrictions	155,774	(155,774)	-
	<u>155,774</u>	<u>(155,774)</u>	<u>-</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS			
	<u>155,774</u>	<u>(155,774)</u>	<u>-</u>
EXPENSES			
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
Homeless Prevention - 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
	<u>12,230,944</u>	<u>-</u>	<u>12,230,944</u>
TOTAL EXPENSES	<u>12,230,944</u>	<u>-</u>	<u>12,230,944</u>
CHANGE IN NET ASSETS	(10,523)	265,608	255,085
NET ASSETS, BEGINNING OF YEAR	<u>12,624,616</u>	<u>5,275,248</u>	<u>17,899,864</u>
NET ASSETS, END OF YEAR	<u>\$ 12,614,093</u>	<u>\$ 5,540,856</u>	<u>\$ 18,154,949</u>

See Notes to Financial Statements

CATHOLIC CHARITIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2025

	Program Services					
	Counseling	Adult Day Services	Our Daily Bread	Southeast Kansas Social Services	Homeless Prevention	Harbor House
Salaries and benefits	\$ 285,748	\$ 1,721,463	\$ 69,771	\$ 393,811	\$ 913,197	\$ 1,846,836
Professional fees and dues	50,748	368,898	125,215	58,446	259,471	318,042
Occupancy	35,965	175,518	28,966	17,912	169,010	138,152
Supplies	7,797	148,816	986,737	12,163	149,516	349,408
Travel and automobile	-	86,595	13,234	16,011	29,774	47,756
Stipends	-	-	-	-	-	-
Special assistance to individuals	-	-	-	642,202	483,555	551,939
Interest	-	-	-	-	703	-
Other	2,596	8,959	38	2,603	35,838	35,838
Subtotal	382,854	2,510,249	1,223,961	1,143,148	2,041,064	3,287,971
Depreciation and amortization	5,263	339,524	5,574	2,479	102,065	79,053
TOTAL EXPENSES	<u>\$ 388,117</u>	<u>\$ 2,849,773</u>	<u>\$ 1,229,535</u>	<u>\$ 1,145,627</u>	<u>\$ 2,143,129</u>	<u>\$ 3,367,024</u>

See Notes to Financial Statements

CATHOLIC CHARITIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES (continued)
For the Year Ended June 30, 2025

	<u>Program Services</u>		<u>Support Services</u>		<u>Total</u>
	<u>Foster Grandparents</u>	<u>Immigration Services</u>	<u>Management and General</u>	<u>Fundraising and Public Relations</u>	
Salaries and benefits	\$ 168,164	\$ 378,077	\$ 1,791,552	\$ 230,565	\$ 7,799,184
Professional fees and dues	45,562	58,800	(841,215)	16,673	460,640
Occupancy	18,517	51,441	309,809	641	945,931
Supplies	8,936	29,135	152,688	193,209	2,038,405
Travel and automobile	42,734	6,451	5,278	291	248,124
Stipends	165,555	-	-	-	165,555
Special assistance to individuals	-	675	-	-	1,678,371
Interest	-	-	11,216	-	11,919
Other	2,853	8,038	23,644	11,925	132,332
Subtotal	452,321	532,617	1,452,972	453,304	13,480,461
Depreciation and amortization	700	181	56,149	-	590,988
TOTAL EXPENSES	<u>\$ 453,021</u>	<u>\$ 532,798</u>	<u>\$ 1,509,121</u>	<u>\$ 453,304</u>	<u>\$14,071,449</u>

See Notes to Financial Statements

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

	Program Services					
	Southeast					
	Counseling	Adult Day Services	Our Daily Bread	Kansas Social Services	Homeless Prevention	Harbor House
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
TOTAL EXPENSES	\$ 375,976	\$ 2,473,536	\$ 1,321,055	\$ 634,430	\$ 1,875,036	\$ 2,837,072

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>Total</u>
	<u>Foster Grandparents</u>	<u>Immigration Services</u>	<u>Management and General</u>	<u>Fundraising and Public 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
Subtotal	440,138	419,852	1,381,263	411,282	11,650,806
Depreciation and amortization	175	631	60,498	-	580,138
TOTAL EXPENSES	\$ 440,313	\$ 420,483	\$ 1,441,761	\$ 411,282	\$12,230,944

See Notes to Financial Statements

CATHOLIC CHARITIES, INC.

STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (442,635)	\$ 255,085
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	590,988	580,138
Net realized and unrealized (gain) loss on investments	(851,787)	(833,015)
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	(1,218,579)	(1,353,123)
Donated food and supplies recorded as supplies expense	1,218,579	1,353,123
Reduction in carrying amount of financing lease right-of-use asset (amortization) reported as supplies and travel and automobile expense	61,684	41,605
Reduction in carrying amount of operating lease right-of-use asset reported as occupancy expense	47,526	71,687
(Gain) loss on disposal of property and equipment	-	8,587
Loss on disposal of operating lease	-	(1,136)
Loss on disposal of finance lease	-	(3,689)
Decrease (increase) in:		
Accounts and grants receivable	207,219	(185,054)
Contributions receivable	84,465	6,200
Prepaid expenses	(10,820)	3,536
Increase (decrease) in:		
Accounts payable	(89,708)	71,944
Accrued compensation and benefits	73,646	79,741
Deferred revenue	-	7,934
Payments on operating lease liability	(51,925)	(69,129)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(381,347)	34,434
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(113,942)	(303,915)
Proceeds from the sale of property and equipment	-	800
NET CASH FLOWS FROM INVESTING ACTIVITIES	(113,942)	(303,115)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on finance lease liability	(56,945)	(38,339)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(56,945)	(38,339)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(552,234)	(307,020)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,214,107	1,521,127
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 661,873	\$ 1,214,107

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, 2025 and 2024.

Accounts and grants receivable – The Organization’s accounts receivable are primarily due from grantor agencies and clients and are presented net of an estimated allowance for credit losses. 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 or grants 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 mutual funds (including money market funds), and endowment funds held with the Catholic Diocese of Wichita and 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 and equipment	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 Financial Accounting Standards Board (FASB) Accounting Standards Codification (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 2022 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 16% and 15% of net client service fees for the years ended June 30, 2025 and 2024, 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 85% and 84% of net client service fees for the years ended June 30, 2025 and 2024, 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 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 statements 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, 2025 and 2024 were \$77,292 and \$112,498, 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.

(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.

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

(2) Investments and fair value measurements (continued)

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, 2025 and 2024.

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.

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, 2025 and 2024:

	June 30, 2025			
	Fair Value	Level 1	Level 2	Level 3
Endowment funds:				
Community Foundation of Southeast Kansas	\$ 46,295	\$ -	\$ -	\$ 46,295
Catholic Diocese of Wichita	9,247,013	-	-	9,247,013
Unendowed investments:				
Mutual fund - money market	33,257	33,257	-	-
Mutual fund - equity securities	230,234	230,234	-	-
Mutual fund - fixed income	872,813	872,813	-	-
Total Investments	\$ 10,429,612	\$ 1,136,304	\$ -	\$ 9,293,308
	June 30, 2024			
	Fair Value	Level 1	Level 2	Level 3
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	\$ 9,577,825	\$ 1,060,693	\$ -	\$ 8,517,132

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

(2) Investments and fair value measurements (continued)

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

	<u>2025</u>	<u>2024</u>
Endowment funds, beginning of the year	\$ 8,517,132	\$ 7,741,570
Change in market value of investments	772,596	773,444
Gifts and board designated additions	3,580	2,118
Endowment funds, end of year	<u>\$ 9,293,308</u>	<u>\$ 8,517,132</u>

(3) Investment income (loss)

Investment return for the years ended June 30, 2025 and 2024 is comprised of the following:

	<u>2025</u>	<u>2024</u>
Interest and dividend income	\$ 39,936	\$ 63,332
Realized and unrealized gains - Endowment fund	772,596	773,444
Realized and unrealized gains - Other	79,191	59,571
Investment income	<u>\$ 891,723</u>	<u>\$ 896,347</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 \$8,141 and \$8,154 are not netted against investment income (loss) but are instead included in other expenses in the statements of functional expenses for the years ended June 30, 2025 and 2024, respectively.

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

(4) Liquidity and availability

The following reflects the Organization's financial assets as of June 30, 2025 and 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

	2025	2024
Financial assets at year-end:		
Cash and cash equivalents	\$ 661,873	\$ 1,214,107
Accounts receivable		
Grants	327,179	467,464
Clients, net of allowance for doubtful accounts	262,314	329,248
Contributions receivable		
Promises to give, net of discount	20,721	105,186
Investments	10,429,612	9,577,825
Total financial assets	11,701,699	11,693,830
Less amounts unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Purpose-restricted net assets	2,645,463	2,623,436
Donor-restricted endowment funds	3,182,148	2,917,420
Board-designated endowment fund without donor restrictions (Note 16)	4,201,072	3,229,364
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,673,016	\$ 2,923,610

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, as of June 30, 2025, the Board of Directors could appropriate for general use from either the accumulated investment gains of \$967,098 from donor-restricted endowment funds (\$3,182,148, of which \$2,215,050 is the original permanently restricted gift) or from its board-designated endowment funds without donor restrictions (\$4,201,072). Note 5 provides additional information about the Organization's endowment funds.

(5) Endowment funds

The Organization's endowments include 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 Kansas Uniform Prudent Management of Institutional Funds Act (KS 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.

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

(5) Endowment funds (continued)

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

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

	June 30, 2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 4,045,698	\$ -	\$ 4,045,698
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	-	967,098	967,098
Board designated endowment funds derived from donor-restricted funds	155,374	1,910,088	2,065,462
	\$ 4,201,072	\$ 5,092,236	\$ 9,293,308
	June 30, 2024		
	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 funds derived from donor-restricted funds	119,042	1,884,897	2,003,939
	\$ 3,714,815	\$ 4,802,317	\$ 8,517,132

**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, 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	\$ 3,714,815	\$ 4,802,317	\$ 8,517,132
Gifts and board designated additions	3,580	-	3,580
Realized and unrealized gains on investments, net	507,868	264,728	772,596
Reclassification of Board designated amounts	(25,191)	25,191	-
June 30, 2025	<u>\$ 4,201,072</u>	<u>\$ 5,092,236</u>	<u>\$ 9,293,308</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 Organization does not have a set policy, but the Diocese suggests that no more than 4% be withdrawn annually based on the ending market values for the previous twelve calendar quarters.

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, 2025 or 2024.

CATHOLIC CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS

(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>2025</u>	<u>2024</u>
Within one year	\$ 10,390	\$ 76,000
In one to five years	11,600	36,455
	<u>21,990</u>	<u>112,455</u>
Less discount to net present value	1,269	7,269
	<u>\$ 20,721</u>	<u>\$ 105,186</u>

Long-term promises to give have been discounted using a 4.375% rate for both 2025 and 2024, respectively. For the years ended June 30, 2025 and 2024, 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, 2025 and 2024, consisted of the following:

	<u>2025</u>	<u>2024</u>
Land	\$ 437,920	\$ 437,920
Land improvements	11,524	-
Buildings	9,077,152	9,077,152
Building improvements	133,385	130,285
Furniture and equipment	2,357,538	2,318,706
Vehicles	550,774	550,774
Leasehold improvements	14,957	14,957
Software	562,653	542,653
Construction in process	40,486	-
Total cost	<u>13,186,389</u>	<u>13,072,447</u>
Less: accumulated depreciation	<u>(6,571,958)</u>	<u>(5,980,970)</u>
Net property and equipment	<u>\$ 6,614,431</u>	<u>\$ 7,091,477</u>

Depreciation and amortization expense for the years ended June 30, 2025 and 2024 totaled \$590,988 and \$580,138, respectively.

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

(8) Leases

Leases consist of office facilities, vehicles, and copier equipment with various terms under long-term non-cancelable operating and finance lease arrangements. The leases expire at various dates through 2030. 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.

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 recognized 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 Organization leases copier equipment under a long-term non-cancelable finance lease agreement that will expire on July 31, 2028. The straight-line amortization of the finance lease right-of-use asset is recorded as supplies expense and the related interest expense is included in interest expense on the statements of functional expenses.

During the fiscal year ended June 30, 2025, the Organization entered into multiple finance lease arrangements for vehicles during the year under lease agreements with one leasing company that will expire through 2030. The total finance lease right-of-use asset and lease liability initially recognized was \$422,622. The straight-line amortization of the finance lease right-of-use assets is recorded as travel and automobile expense on the statements of functional expenses.

Total lease costs for the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
Operating lease costs (recorded as occupancy expense)	\$ 49,257	\$ 40,928
Finance lease costs:		
Interest expense	11,216	4,237
Amortization of right-of-use asset (recorded as supplies and travel and automobile expense)	61,684	41,605
Donated facility usage recorded as occupancy expense (see Note 11)	228,144	228,144
	\$ 350,301	\$ 314,914
Weighted-average discount rate:		
Operating leases	1.22%	4.29%
Finance leases	4.68%	4.24%
Weighted-average remaining lease term:		
Operating leases	Years 3.64	1.33
Finance leases	Years 3.49	4.08

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
2026	\$ 150,000	\$ 27,030
2027	150,000	21,000
2028	144,235	21,000
2029	101,126	21,000
2030	98,732	-
Thereafter	-	-
	644,093	90,030
Less: imputed interest	(109,652)	(1,495)
	\$ 534,441	\$ 88,535

(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, 2025 and 2024, 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 \$648,790 and \$731,493 of contractual adjustments for the years ended June 30, 2025 and 2024, respectively.

(11) Contributed nonfinancial assets

For the years ended June 30, 2025 and 2024, contributed nonfinancial assets recognized within the statement of activities included:

	2025	2024
Supplies (food)	\$ 1,016,136	\$ 1,129,930
Facility usage (occupancy)	228,144	228,144
Supplies	202,443	223,193
	\$ 1,446,723	\$ 1,581,267

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 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.

(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, 2025 and 2024, the monthly deposit requirements for the Organization were \$671 and \$658, 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, 2025 and 2024, the Organization held \$75,550 and \$63,144, 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, 2025 and 2024, cash deposits held in the financial institutions of \$445,932 and \$889,883 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, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purposes:		
Adult Day Services	\$ 496,301	\$ 502,513
Our Daily Bread	15,487	8,396
Counseling/School Counseling	-	13
SEK and Sumner County Social Services	4,548	3,686
Anthony Family Shelter	163,104	158,683
Immigration Services	-	62
Harbor House	47,767	57,198
Foster Grandparents	160	-
Management and general	8,008	7,988
Donor purpose restrictions within endowment	1,910,088	1,884,897
Endowment funds:		
Earnings subject to appropriations prior to use	967,098	702,370
Maintained in perpetuity by donor	2,215,050	2,215,050
Total net assets with donor restrictions	<u>\$ 5,827,611</u>	<u>\$ 5,540,856</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, 2025, totaled \$4,201,072 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, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Cash paid for interest	\$ 11,216	\$ 4,237
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	<u>\$ 48,493</u>	<u>\$ 69,129</u>
Non-cash investing and financing:		
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	<u>\$ 102,737</u>	<u>\$ -</u>
Finance leases	<u>\$ 422,600</u>	<u>\$ 202,832</u>

(18) Subsequent events

An evaluation of subsequent events was completed by management through December 8, 2025, which represents the date the financial statements were available to be issued.

UNIFORM GUIDANCE SECTION

CATHOLIC CHARITIES, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025**

Federal Grantor/Pass-Through Entity/Program Title	Federal Assistance Listing Number	Grant Number or Pass-through Entity Identifying Number	Expenditures 07/01/24 - 06/30/25
U.S. Department of Agriculture			
Pass-through Kansas State Board of Education Child & Adult Care Food Program	10.558		\$ 178,518
U.S. Department of Housing and Urban Development			
Direct programs			
Continuum of Care Rapid Rehousing Program	14.267	KS0143L7P072203	
		KS0143L7P072304	231,716
Continuum of Care Rapid Rehousing Program	14.267	KS0103L7P022207	
		KS0103L7P022308	162,201
Continuum of Care Permanent Supportive Housing	14.267	KS0160R7P072200	460,024
Pass-through City of Wichita			
Community Development Block Grant (1)	14.218	B-24-MC-20-0004	73,508
Emergency Solutions Grant Program	14.231	E24-MC-20-0004	50,000
Pass-through Kansas Housing Resources Corporation			
Continuum of Care Coordinated Entry Southeast Expansion	14.267	KS0162R7P072200	19,763
Emergency Solutions Grant Program	14.231	ESG-FFY2023	
Emergency Solutions Grant Program	14.231	ESG-FFY2024	150,315
Total U.S. Department of Housing and Urban Development			<u>1,147,527</u>
U.S. Department of Justice			
Direct programs			
Transitional Housing Assistance for Victims of Domestic Violence, Stalking, or Sexual Assault	16.736	15JOWW-22-GG-03206-TRAN	200,530
Pass-through State of Kansas - Office of Attorney General			
Crime Victim Assistance	16.575	24-VOCA-44	
		25-VOCA-44	117,230
Violence Against Women Formula Grants	16.588	24-VAWA-17	
		25-VAWA-15	57,310
Total U.S. Department of Justice			<u>174,540</u>
U.S. Department of Veterans Affairs			
VA Supportive Services for Veteran Families Program	64.033	2014-KS-322-24	
VA Supportive Services for Veteran Families Program	64.033	2014-KS-322-25	523,645
Total U.S. Department of Veterans Affairs			<u>523,645</u>

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, 2025 (continued)**

U.S. Department of Health and Human Services

Pass-through Kansas Department of Children and Families			
Temporary Assistance for Needy Families	93.558	EES-2024-DVSA-01	778,175
Pass-through State of Kansas - Office of the Governor			
Family Violence Prevention and Services Fund	93.671	24-FVPSA-16	9,768
Family Violence Prevention and Services Fund	93.671	25-FVPSA-16	52,448
Family Violence Prevention and Services Fund	93.671	FVPSA-DV	1,341
Total U.S. Department of Health and Human Services			<u>841,732</u>

Corporation for National and Community Service

Foster Grandparents Program (2)	94.011	21SFEKS001	<u>406,005</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 39	2,195
	97.024	Phase 40	3,073
	97.024	Phase ARPAR	2,086
Total U.S. Department of Homeland Security			<u>7,354</u>

\$ 3,479,851

Clusters

(1) HUD CDBG - Entitlement/Special Purpose Grants Cluster	\$ 73,508
(2) CNCS - Foster Grandparent/Senior Companion Cluster	406,005

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, 2025

(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, 2025. 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, 2025.

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, 2025, 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 December 8, 2025.

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.

Swinford, Ganzen, Hawk, & Loyd, LLC

Wichita, Kansas
December 8, 2025

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, 2025. 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, 2025.

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.

Sevindoll, Jamzen, Hawk & Loyd, LLC

Wichita, Kansas
December 8, 2025

CATHOLIC CHARITIES, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025**

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> |
| Continuum of Care Program | 14.267 |
| 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.

Section 4 – Summary Schedule of Prior Year Audit Findings

None noted.