

CATHOLIC CHARITIES OF CENTRAL AND NORTHERN MISSOURI

FINANCIAL STATEMENTS

June 30, 2020 and 2019

CATHOLIC CHARITIES OF CENTRAL AND NORTHERN MISSOURI

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3
FINANCIAL STATEMENTS	
Statements of Financial Position	5
Statement of Activities	6
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to Financial Statements	10
SUPPLEMENTARY INFORMATION	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	21
Schedule of Findings and Responses	23



CPAs and
Management Consultants

One South Memorial Drive, Ste. 900
St. Louis, MO 63102
ph 314.231.6232
fax 314.880.9307
www.kebcpa.com

Independent Auditors' Report

Board of Directors
Catholic Charities of Central and Northern Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Catholic Charities of Central and Northern Missouri (a Missouri corporation, not-for-profit), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities of Central and Northern Missouri as of June 30, 2020 and 2019, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020, on our consideration of Catholic Charities of Central and Northern Missouri'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 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 of Central and Northern Missouri'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 of Central and Northern Missouri's internal control over financial reporting and compliance.

Kerber, Eck & Braedel LLP

St. Louis, Missouri
December 14, 2020

CATHOLIC CHARITIES OF CENTRAL AND NORTHERN MISSOURI

STATEMENTS OF FINANCIAL POSITION

June 30,

	2020	2019
Assets		
Cash and cash equivalents	\$ 591,325	\$ 513,945
Accounts receivable	60,398	49,064
Promised contributions receivable	2,075,000	114,739
Investments		
Depositor's fund with the Catholic Diocese of Jefferson City Fund	928,174	846,239
Inventories	364	2,863
Property and equipment, net	340,301	95,998
Total assets	\$ 3,995,562	\$ 1,622,848
Liabilities		
Accounts payable	\$ 19,911	\$ 39,685
Accrued liabilities		
Payroll and employee benefits	25,477	31,234
Compensated absences	38,397	25,215
Paycheck Protection Program loan	166,500	-
Total liabilities	250,285	96,134
Net Assets		
Without donor restrictions		
Undesignated	401,185	559,307
Designated for property and equipment	340,301	95,998
Designated for Shikles project	198,700	198,700
Designated for operating reserve	383,199	311,682
Total net assets without donor restrictions	1,323,385	1,165,687
With donor restrictions		
Total net assets	2,421,892	361,027
Total net assets	3,745,277	1,526,714
Total liabilities and net assets	\$ 3,995,562	\$ 1,622,848

See notes to financial statements.

CATHOLIC CHARITIES OF CENTRAL AND NORTHERN MISSOURI

STATEMENTS OF ACTIVITIES

Year ended June 30,

	2020			2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenues						
Contributions, including in-kind						
of \$35,222 in 2020 and \$63,189 in 2019	\$ 275,863	\$ 2,678,971	\$ 2,954,834	\$ 300,816	\$ 603,663	\$ 904,479
Grants	-	920,372	920,372	-	743,218	743,218
Program fees	88,145	-	88,145	72,506	-	72,506
Interest income	24,369	-	24,369	23,663	-	23,663
Other	12,924	-	12,924	2,114	-	2,114
Net assets released from restriction	1,538,478	(1,538,478)	-	1,399,466	(1,399,466)	-
Total support and revenues	1,939,779	2,060,865	4,000,644	1,798,565	(52,585)	1,745,980
Expenses						
Program services						
Community services	434,927	-	434,927	328,275	-	328,275
Health and nutrition	48,270	-	48,270	-	-	-
Refugee and immigration	816,002	-	816,002	837,402	-	837,402
Parish social ministry	82,073	-	82,073	66,623	-	66,623
Total program services	1,381,272	-	1,381,272	1,232,300	-	1,232,300
Management and general	346,525	-	346,525	307,524	-	307,524
Fundraising	54,284	-	54,284	43,359	-	43,359
Total expenses	1,782,081	-	1,782,081	1,583,183	-	1,583,183
Increase (decrease) in net assets	157,698	2,060,865	2,218,563	215,382	(52,585)	162,797
Net assets at beginning of year	1,165,687	361,027	1,526,714	950,305	413,612	1,363,917
Net assets at end of year	\$ 1,323,385	\$ 2,421,892	\$ 3,745,277	\$ 1,165,687	\$ 361,027	\$ 1,526,714

See notes to financial statements.

CATHOLIC CHARITIES OF CENTRAL AND NORTHERN MISSOURI

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended June 30, 2020

	Program services				Total	Management and general	Fundraising	Total
	Community services	Health and nutrition	Refugee and immigration	Parish social ministry				
Salaries and wages	\$ 209,451	\$ 27,573	\$ 437,526	\$ 3,497	\$ 678,047	\$ 128,662	\$ 29,065	\$ 835,774
Employee benefits and payroll taxes	56,626	10,153	96,527	616	163,922	31,104	2,755	197,781
Assistance to entities	4,303	-	4,626	70,064	78,993	-	-	78,993
Assistance to individuals	84,511	-	186,843	1,828	273,182	-	-	273,182
Dues and subscriptions	78	70	900	-	1,048	2,211	855	4,114
Conferences and training	10,480	531	2,082	3,749	16,842	3,740	99	20,681
Depreciation expense	-	-	-	-	-	41,537	-	41,537
Equipment rental	1,747	101	-	-	1,848	986	51	2,885
Miscellaneous expense	2,769	12	977	-	3,758	6,196	511	10,465
Occupancy	20,262	2,043	64,231	739	87,275	51,131	500	138,906
Office supplies	11,025	6,164	7,724	820	25,733	12,438	2,319	40,490
Postage and printing	912	58	4,765	441	6,176	129	14,613	20,918
Professional services	20,791	1,447	1,168	268	23,674	65,991	3,516	93,181
Provided services	2,512	118	2,308	-	4,938	-	-	4,938
Repairs and maintenance	2,395	-	1,935	-	4,330	1,501	-	5,831
Travel	7,065	-	4,390	51	11,506	899	-	12,405
Total expenses	<u>\$ 434,927</u>	<u>\$ 48,270</u>	<u>\$ 816,002</u>	<u>\$ 82,073</u>	<u>\$ 1,381,272</u>	<u>\$ 346,525</u>	<u>\$ 54,284</u>	<u>\$ 1,782,081</u>

See notes to financial statements.

CATHOLIC CHARITIES OF CENTRAL AND NORTHERN MISSOURI

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended June 30, 2019

	Program services				Management and general	Fundraising	Total
	Community services	Refugee and immigration	Parish social ministry	Total			
Salaries and wages	\$ 132,127	\$ 396,390	\$ 19,264	\$ 547,781	\$ 95,033	\$ 22,142	\$ 664,956
Employee benefits and payroll taxes	32,764	83,041	1,503	117,308	30,083	3,189	150,580
Assistance to entities	15,250	-	33,582	48,832	319	-	49,151
Assistance to individuals	82,586	283,411	57	366,054	-	-	366,054
Dues and subscriptions	390	100	-	490	2,969	-	3,459
Events and workshops	-	84	-	84	555	-	639
Conferences and training	16,805	1,936	970	19,711	11,078	38	30,827
Depreciation expense	-	-	-	-	40,412	-	40,412
Equipment rental	793	-	-	793	933	40	1,766
Miscellaneous expense	2,108	581	27	2,716	2,655	2,238	7,609
Occupancy	11,107	38,274	737	50,118	34,956	658	85,732
Office supplies	1,941	9,017	3,446	14,404	10,077	25	24,506
Postage and printing	145	4,499	482	5,126	971	10,372	16,469
Professional services	14,937	903	4,753	20,593	76,713	4,602	101,908
Provided services	5,405	10,248	-	15,653	-	-	15,653
Repairs and maintenance	501	1,887	-	2,388	373	-	2,761
Travel	11,416	7,031	1,802	20,249	397	55	20,701
Total expenses	<u>\$ 328,275</u>	<u>\$ 837,402</u>	<u>\$ 66,623</u>	<u>\$ 1,232,300</u>	<u>\$ 307,524</u>	<u>\$ 43,359</u>	<u>\$ 1,583,183</u>

See notes to financial statements.

CATHOLIC CHARITIES OF CENTRAL AND NORTHERN MISSOURI

STATEMENTS OF CASH FLOWS

Year ended June 30,

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 2,218,563	\$ 162,797
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	41,537	40,412
(Increase) decrease in assets		
Accounts receivable	(11,334)	4,877
Promised contributions receivable	(1,960,261)	(40,105)
Inventories	2,499	(95)
Increase (decrease) in liabilities		
Accounts payable	(19,774)	35,216
Accrued payroll and employee benefits	(5,757)	3,030
Compensated absences	13,182	2,936
Funds held in custody for others	-	(766)
Net cash provided by operating activities	278,655	208,302
Cash flows from investing activities		
Purchase of investments	(450,891)	(71,135)
Sale of investments	368,956	-
Purchase of property and equipment	(285,840)	-
Net cash used in investing activities	(367,775)	(71,135)
Cash flows from financing activities		
Proceeds from Paycheck Protection Program loan	166,500	-
Net increase in cash and cash equivalents	77,380	137,167
Cash and cash equivalents at beginning of year	513,945	376,778
Cash and cash equivalents at end of year	\$ 591,325	\$ 513,945

See notes to financial statements.

CATHOLIC CHARITIES OF CENTRAL AND NORTHERN MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ENTITY

Catholic Charities of Central and Northern Missouri (Catholic Charities) is a not-for-profit corporation established May 5, 2011 to provide a range of programs and services to those in need in the 38 central and northern Missouri county service area regardless of faith, culture, or situation. Catholic Charities assists the most basic and immediate needs of the poor and vulnerable by providing them help and resources needed for long-term change. Catholic Charities focuses on those areas of greatest need and avoids duplication of services wherever possible.

Community Services:

- **Disaster Services:** Catholic Charities offers both short and long-term recovery assistance for those affected by natural disasters. Catholic Charities works in collaboration with government agencies, other non-profits, area churches, and county Long-Term Recovery Committees.
- **Housing Counseling:** Educates clients on the home buying process, addresses barriers to mortgage readiness, and makes the client mortgage-ready if at all possible.
- **Immigrant Outreach and Case Management:** The program is focused on homelessness prevention, and integrates rent/mortgage assistance and case management to provide immediate relief and supports for long-term recovery. The program also offers rent and mortgage assistance, prioritizing cases to prevent eviction, foreclosure, and homelessness.

Health and Nutrition:

- **The Commodity Supplemental Food Program (CSFP, or Senior Food Boxes):** This program works to improve the health of low-income persons at least 60 years of age by supplementing their diets with nutritious USDA Food. Catholic Charities, through our partnership with The Food Bank for Central and Northeast Missouri and the United States Department of Agriculture (USDA) distributes Senior Boxes to qualifying residents in Cole County.
- **Nutrition Counseling:** Catholic Charities' nutrition counseling program helps participants to learn how to incorporate healthy cooking skills and new food knowledge into their lifestyle.
- **Walk With Ease:** This program is recognized by the CDC as an evidence-based walking program to improve balance and strength, increase walking pace, and improve arthritis symptoms and confidence in one's ability to manage arthritis symptoms.

CATHOLIC CHARITIES OF CENTRAL AND NORTHERN MISSOURI

NOTES TO FINANCIAL STATEMENTS

Refugee and Immigration:

- Refugee Resettlement: For more than 40 years the Diocese of Jefferson City and now Catholic Charities have been welcoming refugees from war-torn areas around the world. Refugees are offered initial housing; provision of furniture, clothing, household goods and food; orientation and initial needs assessment; education placement of children in the appropriate school; introduction to government and community service providers; and extensive case management services. Many families are also provided with a support network of individual volunteers.
- Immigration Services: Catholic Charities provides immigration legal services as a way to reunite families and promote self-sufficiency for immigrants through low-fee legal assistance in immigration matters before the United States Citizenship and Immigration Service.

Parish Social Ministry (PSM):

- PSM works with Catholic parishes throughout the Diocese of Jefferson City to empower parishioners to live out their baptismal call to serve the needs of those living right in their own communities. The program assists in establishing or enhancing current parish ministries and programs to address unmet community needs, gather and train volunteers, and help obtain any additional funding needed to implement these services. Current PSM initiatives include:
 - Charity and Mercy Grants: funding for parish based social concerns initiatives
 - Prison Ministry: Logistical support for parish based ministries to the incarcerated
 - Faith Based Health Ministry Network: Logistical support for parish nurses and other health providers
 - Catholic Campaign for Human Development: Grant program of the United States Conference of Catholic Bishops that provides support to non-profits dedicated to social transformation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash balances held in bank accounts and short-term investments with an original maturity no longer than three months. Deposit accounts designated for long-term purposes or received with donor-imposed restrictions limiting the use to long-term purposes are not considered cash and cash equivalents.

CATHOLIC CHARITIES OF CENTRAL AND NORTHERN MISSOURI

NOTES TO FINANCIAL STATEMENTS

Catholic Charities also maintains some deposits with The Catholic Diocese of Jefferson City Fund (DJC Fund). However, Catholic Charities does not consider funds on deposit with the DJC Fund to be cash equivalents and accounts for them like other investments.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for credit losses. Catholic Charities provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances. It is Catholic Charities' policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. As of June 30, 2020 and 2019, accounts receivable have been determined to be fully collectible.

Promised Contributions Receivable

Unconditional promises to give are recognized as revenues or gains in the period received, less the allowance for uncollectible amounts. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. As of June 30, 2020 and 2019, promised contributions receivable have been determined to be fully collectible.

Investments

Investments are reported at fair value. Fair value is 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 and in the principal or most advantageous market for the asset or liability.

Fair value of the underlying investments is determined using Level 1 inputs for equity funds, which are quoted market prices for identical securities in active markets; and Level 2 inputs for cash and cash equivalents and fixed income securities, which are quoted prices for similar securities in active markets. Level 2 inputs are derived using the market approach, which is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (that is similar) assets, liabilities, or a group of assets and liabilities, such as a business.

CATHOLIC CHARITIES OF CENTRAL AND NORTHERN MISSOURI

NOTES TO FINANCIAL STATEMENTS

Property and Equipment

Property and equipment are stated at cost if purchased or at fair value as of the date received, if contributed. Significant additions over \$1,000 are capitalized as a part of property and equipment; maintenance and repairs are charged to expenses. Depreciation is provided for in amounts sufficient to relate to cost of depreciable assets to operations over their estimated service lives on a straight-line basis as follows:

Leasehold improvements	15 years
Equipment and furnishings	5 years
Vehicles	5 years

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor or certain grantor restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for an operating reserve and to support various Catholic Charities projects.

Net assets with donor restrictions – Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be satisfied by actions of Catholic Charities or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates 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.

Donated Services and In-Kind Contributions

No amounts have been reflected in the financial statements for donated services. Catholic Charities pays for most services requiring specific expertise. However, individuals volunteer their time and perform a variety of tasks that assist Catholic Charities with specific programs, fundraising activities, and various committee assignments.

Catholic Charities also receives contributions of vehicles, furniture, and other household items and recognizes support and revenue based on the contributions estimated fair value. Absent any explicit restrictions by the donor, Catholic Charities reports the contribution of property and equipment as support and revenue without donor restrictions.

CATHOLIC CHARITIES OF CENTRAL AND NORTHERN MISSOURI

NOTES TO FINANCIAL STATEMENTS

Revenue and Revenue Recognition

Catholic Charities has analyzed the provisions of the Financial Accounting Standards Board (FASB) ASC Topic 606, *Revenue from Contracts with Customers*, and has concluded that no changes are necessary to conform with the new standard.

Contributions and grants are recognized when cash, securities, or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the condition on which they depend have been substantially met.

Program fees are recognized when earned. Program fees received in advance are deferred to the applicable period in which the related services are performed.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited as described in Note 11.

Estimates

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

Income Taxes

Catholic Charities qualifies as a charitable organization as defined by Internal Revenue Code Section 501(c)(3) and accordingly it is exempt from Federal income taxes under Internal Revenue Code Section 501(a) and similar provisions of state law. Income from certain activities not directly related to Catholic Charities' exempt purpose is subject to taxation as unrelated business income. Catholic Charities had no unrelated business income for the years ended June 30, 2020 and 2019.

Catholic Charities files an IRS Form 990 *Return of Organization Exempt from Income Tax*. Returns are generally subject to examination by the IRS for three years after they are filed.

Subsequent Events

In preparing these financial statements, Catholic Charities has evaluated events and transactions for potential recognition or disclosure through December 14, 2020, the date the financial statements were available to be issued.

CATHOLIC CHARITIES OF CENTRAL AND NORTHERN MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents financial assets as of the financial position date, reduced by amounts not available for general use within one year of the financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the Board of Directors approves the actions.

	June 30,	
	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 591,325	\$ 513,945
Accounts receivable	60,398	49,064
Promised contributions receivable	2,075,000	114,739
Investments	<u>928,174</u>	<u>846,239</u>
Total financial assets	3,654,897	1,523,987
Contractual or donor-imposed restrictions		
Restricted by donor for time or purpose	(2,421,892)	(361,027)
Board designated for Shikles project	(198,700)	(198,700)
Board designated for operating reserve	<u>(383,199)</u>	<u>(311,682)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 651,106</u>	<u>\$ 652,578</u>

CATHOLIC CHARITIES OF CENTRAL AND NORTHERN MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30,:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 7,839	\$ 7,839
Equipment and furnishings	32,534	32,534
Vehicles	218,123	181,349
	<u>258,496</u>	<u>221,722</u>
Less accumulated depreciation	(167,261)	(125,724)
	91,235	95,998
Construction in progress (Shikles Auditorium)	249,066	-
	<u><u>\$ 340,301</u></u>	<u><u>\$ 95,998</u></u>

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at June 30,:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Prison Ministry	\$ -	\$ 9,003
Refugee and Immigration	25,549	18,860
Disaster Relief	56,253	105,873
Missouri Stop Human Trafficking Conference	8,829	8,829
Operation Rice Bowl	9,634	7,077
Parish Nurse	30,874	32,891
Shikles Auditorium Project	2,044,749	-
Subject to the passage of time		
Spring Appeal	171,004	103,494
Promises to give not restricted by donors, but which are unavailable until due	75,000	75,000
	<u><u>\$ 2,421,892</u></u>	<u><u>\$ 361,027</u></u>

CATHOLIC CHARITIES OF CENTRAL AND NORTHERN MISSOURI

NOTES TO FINANCIAL STATEMENTS

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

	<u>2020</u>	<u>2019</u>
Satisfaction of purpose restrictions		
Prison Ministry	\$ 9,013	\$ 24,249
Refugee and Immigration	590,953	753,619
Disaster Relief	412,950	270,327
Food and Nutrition	780	-
Missouri Stop Human Trafficking Conference	-	11,146
Parish Nurse	16,017	12,974
Parish Social Ministry	20	-
Shikles Auditorium Project	255,251	-
	<u>1,284,984</u>	<u>1,072,315</u>
Expiration of time restrictions	<u>253,494</u>	<u>327,151</u>
	<u>\$ 1,538,478</u>	<u>\$ 1,399,466</u>

NOTE 6 - RETIREMENT PLAN

Catholic Charities' employees participate in two non-ERISA 403(b) plans sponsored by the Diocese of Jefferson City, one for lay employees and the other for Diocesan priests. Contributions on behalf of eligible Catholic Charities employees totaled \$14,589 and \$12,785 for the years ended June 30, 2020 and 2019, respectively.

NOTE 7 - RELATED PARTIES

Catholic Charities is related through the Bishop of the Diocese of Jefferson City to the following entities: The Catholic Diocese of Jefferson City – Chancery Office; The Catholic Diocese of Jefferson City Fund; Diocesan Excellence in Education Fund, Inc.; The Diocese of Jefferson City Parish Development Corporation; Priests' Mutual Benefit Society; Fr. Augustine Tolton Regional Catholic High School in Columbia; Helias Catholic High School in Jefferson City; The Jefferson City Diocesan Chancery Building Fund, Inc.; The Diocese of Jefferson City Jubilee Retirement Trust Fund; Diocese of Jefferson City Real Estate Corporation; and all parishes within the Jefferson City Diocese. Catholic Charities maintains separate books and records. All financial information for the above entities is presented separately and is excluded from this report.

CATHOLIC CHARITIES OF CENTRAL AND NORTHERN MISSOURI

NOTES TO FINANCIAL STATEMENTS

The Catholic Diocese of Jefferson City Fund holds investments in the deposit and loan program for Catholic Charities of \$918,174 and \$846,239 as of June 30, 2020 and 2019, respectively. During the year ended June 30, 2020 and 2019, The Catholic Diocese of Jefferson City Fund paid \$21,934 and \$21,136, respectively, in interest income to Catholic Charities for these investments.

Catholic Charities received contributions from the Catholic Diocese of Jefferson City in the amount of \$2,100,000 and \$200,000 for the years ended June 30, 2020 and 2019, respectively. As of June 30, 2020 and 2019, the Diocese owed Catholic Charities \$2,000,000 and Catholic Charities owed the Diocese \$42 and \$183, respectively.

NOTE 8 - CONCENTRATION OF CREDIT RISK

Catholic Charities places its cash and cash equivalents with credit-worthy high quality financial institutions. Account balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. From time to time, cash balances may exceed Federal insurance limits. Catholic Charities has not experienced any losses in its accounts with these financial institutions and believes it is not exposed to any significant risks.

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

NOTE 9 - INVESTMENTS

Catholic Charities deposits funds in excess of three months of operating needs in interest bearing accounts, including accounts on deposit with The Catholic Diocese of Jefferson City Fund. The Depositor's fund program operates similar to a money market account and pays interest on the deposited funds competitive with current market rates. The interest rate on deposits at June 30, 2020 and 2019 was 1.5% to 3.5% depending on the term of the deposit.

The fair values of investments at June 30, 2020 are as follows:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Depositor's Fund	<u>\$ 928,174</u>	<u>\$ -</u>	<u>\$ 928,174</u>	<u>\$ -</u>

CATHOLIC CHARITIES OF CENTRAL AND NORTHERN MISSOURI

NOTES TO FINANCIAL STATEMENTS

The fair values of investments at June 30, 2019 are as follows:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Depositor's Fund	<u>\$ 846,239</u>	<u>\$ -</u>	<u>\$ 846,239</u>	<u>\$ -</u>

NOTE 10 - OPERATING LEASE

Catholic Charities conducts a portion of their operations in space leased under a three-year non-cancelable operating lease expiring on May 31, 2022. Catholic Charities will make minimum rental payments under this operating lease as follows:

Year ended June 30,

2021	\$ 74,400
2022	<u>68,200</u>
	<u>\$ 142,600</u>

NOTE 11 – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting functions. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages and payroll taxes and employee benefits which are allocated based on estimated time and effort and occupancy costs which are allocated based on estimated usage.

NOTE 12 – PAYCHECK PROTECTION PROGRAM LOAN

On April 13, 2020, Catholic Charities was granted a loan from a financial institution in the amount of \$166,500, pursuant to the Paycheck Protection Program (the PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan, which is in the form of a note dated April 13, 2020, matures on April 13, 2022 and bears interest at a rate of 1.00% per annum. Funds may only be used for payroll costs, interest on any mortgage obligation (excluding prepayment of principal), lease and/or rent payments and utility payments incurred during the twenty-four week period commencing on the date of the first disbursement of the loan. Under the terms of the PPP, certain amounts may be forgiven if they are used for qualifying expenses as described in the CARES Act. Catholic Charities intends to use the entire amount for qualifying expenses and expects the entire amount to be forgiven.

CATHOLIC CHARITIES OF CENTRAL AND NORTHERN MISSOURI

NOTES TO FINANCIAL STATEMENTS

The note is payable monthly beginning on the date the Small Business Administration remits the loan forgiveness amount to the financial institution, or if Catholic Charities were not to apply for forgiveness, ten months after the end of the loan forgiveness covered period. The note may be prepaid by Catholic Charities at any time prior to maturity with no prepayment penalties.

NOTE 13 – CAPITAL CAMPAIGN

During the year ended June 30, 2020, Catholic Charities began the Open Hearts, Open Doors campaign. The fundraising goal of the campaign is \$4.2 million to fund renovations for a new comprehensive health and social services center. In addition, the Diocese of Jefferson City Fund has agreed to loan Catholic Charities \$1.5 million at an interest rate of 4.25%. No funds have been drawn against the loan as of June 30, 2020.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

In December 2019, a novel strain of coronavirus, COVID-19, was reported in Wuhan, China. The World Health Organization has declared the COVID-19 outbreak to constitute a “Public Health Emergency of International Concern.” The extent of the impact of COVID-19 on Catholic Charities’ operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our employees, donors and vendors all of which are uncertain and cannot be determined at this time.



CPAs and
Management Consultants

One South Memorial Drive, Ste. 900
St. Louis, MO 63102
ph 314.231.6232
fax 314.880.9307
www.kebcpa.com

**Independent Auditors' 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***

Board of Directors
Catholic Charities of Central and Northern Missouri

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 of Central and Northern Missouri (a Missouri corporation, not-for-profit), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, 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 14, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Catholic Charities of Central and Northern Missouri'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 Catholic Charities of Central and Northern Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the Catholic Charities of Central and Northern Missouri'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001 and 2020-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Catholic Charities of Central and Northern Missouri'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*.

Catholic Charities of Central and Northern Missouri's Response to Findings

Catholic Charities of Central and Northern Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Catholic Charities of Central and Northern Missouri's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Kerber, Eck & Braeckel LLP

St. Louis, Missouri
December 14, 2020

CATHOLIC CHARITIES OF CENTRAL AND NORTHERN MISSOURI

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2020-001

Condition:

Donations of clothing, furniture and other household items received by Catholic Charities were not recognized as support and revenue in the financial statements.

Criteria:

Generally accepted accounting principles require that donations of materials be recognized as support and revenue in the year received.

Cause:

Catholic Charities does not have a process for reporting donated materials as support and revenue in the financial statements.

Effect:

An audit adjustment to the financial statements was necessary to properly reflect the value of donated materials.

Recommendation:

We recommend that Catholic Charities value donated materials upon receipt and ensure they are properly reflected in the financial statements.

Management's Response:

Donated materials will be periodically inventoried and inventory values will be reported to the accounting firm for inclusion in the financial statements.

Dan Lester, Executive Director

CATHOLIC CHARITIES OF CENTRAL AND NORTHERN MISSOURI

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2020-002

Condition:

Contributions are recorded in both the donor software and general ledger. Contributions recorded in the donor software are not reconciled to contributions recorded in the general ledger in advance of the annual audit.

Criteria:

Contributions recorded in the donor software should be reconciled to contributions recorded in the general ledger to ensure the accuracy and completeness of both records.

Cause:

Comparisons between the donor software and general ledger are now performed on a monthly basis, however, differences between the two records are not investigated and adjusted, as necessary.

Effect:

An audit adjustment to the financial statements was necessary to properly reflect contributions reported in the general ledger.

Recommendation:

We recommend contributions recorded in the donor software be reconciled to the general ledger to ensure the accuracy and completeness of both systems. In addition, differences identified during the reconciliation process should be further investigated and adjustments should be made, as necessary.

Management's Response:

Contributions recorded in the donor software will be reconciled to contributions recorded in the general ledger to ensure the accuracy and completeness of both records.

Dan Lester, Executive Director