



FINANCIAL STATEMENTS

June 30, 2021 and 2020

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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, 2021 and 2020, 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, 2021 and 2020, 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 1, 2021 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.

Keber, Eck & Braeckel LLP

St. Louis, Missouri
December 1, 2021

Catholic Charities of Central and Northern Missouri
STATEMENTS OF FINANCIAL POSITION
June 30,

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 500,331	\$ 591,325
Accounts receivable	70,354	60,398
Promised contributions receivable	452,467	2,075,000
Investments		
Depositor's fund with the Catholic Diocese of Jefferson City Fund	1,011,331	928,174
Inventories	19,594	364
Property and equipment, net	2,488,107	340,301
	<hr/>	<hr/>
Total assets	\$ 4,542,184	\$ 3,995,562
	<hr/> <hr/>	<hr/> <hr/>
Liabilities		
Accounts payable	\$ 368,856	\$ 19,911
Accrued liabilities		
Payroll and employee benefits	38,934	25,477
Compensated absences	41,333	38,397
Paycheck Protection Program loan	-	166,500
	<hr/>	<hr/>
Total liabilities	449,123	250,285
Net Assets		
Without donor restrictions		
Undesignated	163,758	401,185
Designated for property and equipment	2,488,107	340,301
Designated for Shikles project	198,700	198,700
Designated for operating reserve	458,383	383,199
Total net assets without donor restrictions	<hr/> 3,308,948	<hr/> 1,323,385
With donor restrictions	784,113	2,421,892
Total net assets	<hr/> 4,093,061	<hr/> 3,745,277
	<hr/> <hr/>	<hr/> <hr/>
Total liabilities and net assets	\$ 4,542,184	\$ 3,995,562

The accompanying notes are an integral part of these statements.

Catholic Charities of Central and Northern Missouri
STATEMENTS OF ACTIVITIES
Years ended June 30,

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenues						
Contributions, including in-kind of \$52,642 in 2021 and \$35,222 in 2020	\$ 288,758	\$ 970,896	\$ 1,259,654	\$ 275,863	\$ 2,678,971	\$ 2,954,834
Grants	-	719,325	719,325	-	920,372	920,372
Program fees	90,730	-	90,730	88,145	-	88,145
Interest income	24,339	-	24,339	24,369	-	24,369
Other	171,899	-	171,899	12,924	-	12,924
Net assets released from restriction	3,328,000	(3,328,000)	-	1,538,478	(1,538,478)	-
Total support and revenues	3,903,726	(1,637,779)	2,265,947	1,939,779	2,060,865	4,000,644
Expenses						
Program services						
Community services	430,866	-	430,866	434,927	-	434,927
Health and nutrition	175,418	-	175,418	48,270	-	48,270
Refugee and immigration	824,801	-	824,801	816,002	-	816,002
Parish social ministry	60,314	-	60,314	82,073	-	82,073
Total program services	1,491,399	-	1,491,399	1,381,272	-	1,381,272
Management and general	269,609	-	269,609	346,525	-	346,525
Fundraising	157,155	-	157,155	54,284	-	54,284
Total expenses	1,918,163	-	1,918,163	1,782,081	-	1,782,081
Increase (decrease) in net assets	1,985,563	(1,637,779)	347,784	157,698	2,060,865	2,218,563
Net assets at beginning of year	1,323,385	2,421,892	3,745,277	1,165,687	361,027	1,526,714
Net assets at end of year	\$ 3,308,948	\$ 784,113	\$ 4,093,061	\$ 1,323,385	\$ 2,421,892	\$ 3,745,277

The accompanying notes are an integral part of these statements.

Catholic Charities of Central and Northern Missouri
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2021

	Program services					Total	Management and general	Fundraising	Total
	Community services	Health and nutrition	Refugee and immigration	Parish social ministry	Total				
Salaries and wages	\$ 228,087	\$ 75,651	\$ 485,731	\$ 3,904	\$ 793,373	\$ 148,708	\$ 89,087	\$ 1,031,168	
Employee benefits and payroll taxes	57,083	23,665	116,990	4,008	201,746	33,638	13,905	249,289	
Assistance to entities	2,317	-	-	42,641	44,958	-	-	44,958	
Assistance to individuals	65,521	42,205	24,283	-	132,009	-	-	132,009	
Dues and subscriptions	4,292	1,390	6,310	199	12,191	3,282	1,739	17,212	
Conferences and training	3,824	364	1,870	1,270	7,328	2,182	503	10,013	
Depreciation expense	-	-	-	-	-	33,664	-	33,664	
Equipment rental	1,223	375	588	-	2,186	618	319	3,123	
Miscellaneous expense	1,696	6,253	445	988	9,382	1,019	9,543	19,944	
Occupancy	21,990	7,651	104,038	616	134,295	13,054	2,402	149,751	
Supplies	8,185	2,125	25,185	818	36,313	4,089	3,779	44,181	
Postage and printing	1,402	47	7,576	-	9,025	71	23,095	32,191	
Professional services	22,240	13,396	46,667	3,346	85,649	29,021	12,783	127,453	
Provided services	341	29	1,080	-	1,450	-	-	1,450	
Repairs and maintenance	1,962	2,151	2,398	-	6,511	20	-	6,531	
Travel	10,703	116	1,640	2,524	14,983	243	-	15,226	
Total expenses	\$ 430,866	\$ 175,418	\$ 824,801	\$ 60,314	\$ 1,491,399	\$ 269,609	\$ 157,155	\$ 1,918,163	

The accompanying notes are an integral part of these statements.

Catholic Charities of Central and Northern Missouri
STATEMENT 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
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	\$ 434,927	\$ 48,270	\$ 816,002	\$ 82,073	\$ 1,381,272	\$ 346,525	\$ 54,284	\$ 1,782,081

The accompanying notes are an integral part of these statements.

Catholic Charities of Central and Northern Missouri
STATEMENTS OF CASH FLOWS
Years ended June 30,

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 347,784	\$ 2,218,563
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	33,664	41,537
Gain on disposal of assets	(6,772)	-
Forgiveness of Paycheck Protection Program loan	(166,500)	-
Contributions restricted for long term purposes	(630,552)	(2,000,000)
Change in assets and liabilities		
Accounts receivable	(9,956)	(11,334)
Promised contributions receivable	(15,000)	39,739
Inventories	(19,230)	2,499
Accounts payable	348,945	(19,774)
Accrued payroll and employee benefits	13,457	(5,757)
Compensated absences	2,936	13,182
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	(101,224)	278,655
Cash flows from investing activities		
Purchase of investments	(83,157)	(450,891)
Sale of investments	-	368,956
Proceeds on sale of property and equipment	20,991	-
Purchase of property and equipment	(2,195,689)	(285,840)
	<hr/>	<hr/>
Net cash used in investing activities	(2,257,855)	(367,775)
Cash flows from financing activities		
Collections of promised contribution receivable for long term purposes	2,268,085	-
Proceeds from Paycheck Protection Program loan	-	166,500
	<hr/>	<hr/>
Net cash provided by financing activities	2,268,085	166,500
Net increase (decrease) in cash and cash equivalents	(90,994)	77,380
Cash and cash equivalents at beginning of year	<hr/>	<hr/>
	591,325	513,945
Cash and cash equivalents at end of year	<hr/> <hr/>	<hr/> <hr/>
	\$ 500,331	\$ 591,325

The accompanying notes are an integral part of these statements.

Catholic Charities of Central and Northern Missouri
NOTES TO FINANCIAL STATEMENTS

NOTE A | 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.

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.

Catholic Charities of Central and Northern Missouri
NOTES TO FINANCIAL STATEMENTS

- 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 B | 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 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 receivables 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, 2021 and 2020, 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

Catholic Charities of Central and Northern Missouri
NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020, 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 investments with 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.

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.

Catholic Charities of Central and Northern Missouri
NOTES TO FINANCIAL STATEMENTS

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, food, 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.

Revenue and Revenue Recognition

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 K.

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, 2021 and 2020.

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.

Catholic Charities of Central and Northern Missouri
NOTES TO FINANCIAL STATEMENTS

NOTE C | 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 500,331	\$ 591,325
Accounts receivable	70,354	60,398
Promised contributions receivable	452,467	2,075,000
Investments	<u>1,011,331</u>	<u>928,174</u>
 Total financial assets	 2,034,483	 3,654,897
 Contractual or donor-imposed restrictions		
Restricted by donor for time or purpose	(784,113)	(2,421,892)
Board designated for Shikles project	(198,700)	(198,700)
Board designated for operating reserve	<u>(458,383)</u>	<u>(383,199)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 593,287</u>	 <u>\$ 651,106</u>

Catholic Charities of Central and Northern Missouri
NOTES TO FINANCIAL STATEMENTS

NOTE D | PROPERTY AND EQUIPMENT

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

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 7,839	\$ 7,839
Equipment and furnishings	36,034	32,534
Vehicles	226,769	218,123
	<u>270,642</u>	<u>258,496</u>
Less accumulated depreciation	(191,303)	(167,261)
	79,339	91,235
Construction in progress (Shikles Auditorium)	2,408,768	249,066
	<u><u>\$ 2,488,107</u></u>	<u><u>\$ 340,301</u></u>

NOTE E | NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Refugee and Immigration	\$ 41,743	\$ 25,549
Disaster Relief	-	56,253
Missouri Stop Human Trafficking Conference	8,829	8,829
Operation Rice Bowl	12,562	9,634
Parish Nurse	23,465	30,874
Parish Social Ministry	11,202	-
Shikles Auditorium Project	498,334	2,044,749
Subject to the passage of time		
Spring Appeal	97,978	171,004
Promises to give not restricted by donors, but which are unavailable until due	90,000	75,000
	<u><u>\$ 784,113</u></u>	<u><u>\$ 2,421,892</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>2021</u>	<u>2020</u>
Satisfaction of purpose restrictions		
Prison Ministry	\$ 40	\$ 9,013
Refugee and Immigration	487,900	590,953
Disaster Relief	155,870	412,950
Health and Nutrition	139,117	780
Parish Nurse	18,409	16,017
Parish Social Ministry	5,022	20
Shikles Auditorium Project	2,168,138	255,251
	<u>2,974,496</u>	<u>1,284,984</u>
 Expiration of time restrictions	 <u>353,504</u>	 <u>253,494</u>
	 <u>\$ 3,328,000</u>	 <u>\$ 1,538,478</u>

NOTE F | 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 \$15,342 and \$14,589 for the years ended June 30, 2021 and 2020, respectively.

NOTE G | 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.

The Catholic Diocese of Jefferson City Fund holds investments in the deposit and loan program for Catholic Charities of \$1,011,331 and \$928,174 as of June 30, 2021 and 2020, respectively. During the year ended June 30, 2021 and 2020, The Catholic Diocese of Jefferson City Fund paid \$23,157 and \$21,934, respectively, in interest income to Catholic Charities for these investments.

Catholic Charities of Central and Northern Missouri
NOTES TO FINANCIAL STATEMENTS

Catholic Charities received contributions from the Catholic Diocese of Jefferson City in the amount of \$2,100,000 for the year ended June 30, 2020. As of June 30, 2021 and 2020, the Diocese owed Catholic Charities \$300,000 and \$2,000,000, respectively and Catholic Charities owed the Diocese \$40 and \$42, respectively.

NOTE H | 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 I | 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, 2021 and 2020 was 1.5% to 3.75% depending on the term of the deposit.

The fair values of investments at June 30, 2021 are as follows:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Depositor's Fund	\$ 1,011,331	\$ -	\$ 1,011,331	\$ -

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	\$ 928,174	\$ -	\$ 928,174	\$ -

NOTE J | 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. As of June 30, 2021, the remaining minimum rental payments are \$68,200.

Catholic Charities of Central and Northern Missouri
NOTES TO FINANCIAL STATEMENTS

NOTE K | 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 L | 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. Catholic Charities used the entire loan for qualifying expenses, as described in the CARES Act, and the loan has been fully forgiven as of June 30, 2021. Catholic Charities recognized the forgiveness of debt as other revenue in the accompanying Statements of Activities during the year ended June 30, 2021.

NOTE M | 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 (Shikles project). 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, 2021.

NOTE N | CONDITIONAL GRANT

On October 13, 2020, The J.E. and L.E. Mabee Foundation, Inc. (Mabee Foundation) issued a challenge grant in regards to the Open Hearts, Open Doors campaign as reported in Note M. Catholic Charities will receive \$750,000 in funding for the Shikles project if the other \$3.45 million is raised by October 13, 2021.

NOTE O | RISKS AND UNCERTAINTIES

The World Health Organization (WHO) declared Coronavirus Disease 2019 (COVID-19) a global health pandemic on March 11, 2020. On March 13, 2020, the President of the United States of America issued an emergency declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988 in response to the ongoing COVID-19 pandemic. These emergency declarations triggered economic uncertainty. The long term effect of COVID-19 on the economy, and Catholic Charities' employees, donors and vendors is not reasonably determinable; therefore, no adjustments or provisions have been made related to COVID-19.

NOTE P | COMMITMENTS

During fiscal year 2021, Catholic Charities entered into a capital lease of a carport solar array to be installed on its property but owned by an independent party (Sponsor). The lease will run for 20 years

Catholic Charities of Central and Northern Missouri
NOTES TO FINANCIAL STATEMENTS

with a commitment to purchase the solar array for \$1 at the expiration of the lease. Lease payments will be due monthly and commenced in August 2021. Payments of \$3,833 will be due monthly during the first 12 months of the lease, then increase by 2% each year. As part of the lease Catholic Charities will not pay for any electricity it uses, as the electric utility account will be in the name of the Sponsor. After five years, Catholic Charities may buy out the lease for the principal amount then-outstanding. The principal amount at the commencement of the lease is expected to be approximately \$550,000, with total payments and interest due during the full term of the lease equaling approximately \$1.12 million.

In addition, the lease requires Catholic Charities to enter into an agreement with the vendor/installer of the solar array for periodic maintenance and monitoring, to insure the solar array for full replacement cost, and in the event of damage to restore the solar array system to full operational capacity. The first year's payment under the maintenance and monitoring agreement will equal \$800 and will increase by 2.5% annually.

NOTE Q | SUBSEQUENT EVENTS

On September 30, 2021, Catholic Charities reached the \$3.45 million required by the Mabee Foundation challenge grant as disclosed in Note N. The \$750,000 grant was received and deposited on October 6, 2021.

On October 15, 2021, after successfully raising more than \$1.5 million for the Open Hearts, Open Doors Campaign, the Organization received a matching grant of \$1.5 million from the Catholic Diocese of Jefferson City. \$1 million of the grant is to be used for charity and mercy grants to eligible parishes and institutions of the Catholic Diocese of Jefferson City, and the remaining \$500,000 is to be used for programming costs at the Shikles Auditorium.

In preparing these financial statements, Catholic Charities has evaluated events and transactions for potential recognition or disclosure through December 1, 2021, the date the financial statements were available to be issued.

**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, 2021, 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 1, 2021.

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 2021-001 and 2021-002 that we consider to be material weaknesses.

Compliance and Other Matters

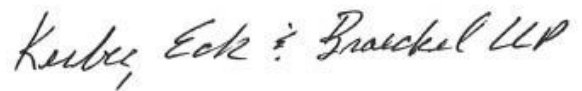
As part of obtaining reasonable assurance about whether Catholic Charities of Central and Northern Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with 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.

Handwritten signature in cursive script that reads "Kerby Eck & Brauckel LLP".

St. Louis, Missouri
December 1, 2021

Catholic Charities of Central and Northern Missouri
SCHEDULE OF FINDINGS AND RESPONSES

Finding 2021-001

Condition:

Donations of certain in-kind products (food boxes) 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 2021-002

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