



**AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022**

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
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Jones and Kolb
Certified Public Accountants
Atlanta, Georgia

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Catholic Charities of the Archdiocese of Atlanta, Inc.
Smyrna, Georgia

Opinion

We have audited the accompanying financial statements of Catholic Charities of the Archdiocese of Atlanta, Inc. (the "Organization" or "CCA") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and 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 CCA as of June 30, 2023 and 2022, 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 audit 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 the Organization and to meet our other ethical responsibilities in accordance with the 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 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 the Organization'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 the Organization'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 the Organization'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.

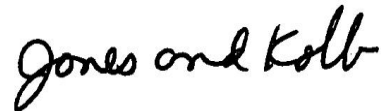
Supplementary Information

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 June 14, 2024 on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Jones and Kolb". The signature is written in a cursive, flowing style.

June 14, 2024

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
ASSETS		
Cash and cash equivalents	\$ 1,394,603	\$ 2,178,019
Investments	25,830	27,245
Accounts and government grants receivable	929,725	844,940
Contributions receivable, net	1,722,021	280,652
Prepaid expenses	152,214	258,811
Beneficial interest in assets held by others	2,229,363	2,059,813
Beneficial interest in remainder trust	245,450	239,880
Right-of-use asset - operating leases	567,910	-
Property and equipment, net	124,447	179,495
	<u>\$ 7,391,563</u>	<u>\$ 6,068,855</u>
Total assets	<u>\$ 7,391,563</u>	<u>\$ 6,068,855</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 118,424	\$ 104,305
Accrued liabilities	326,907	252,150
Refundable advances	246,598	299,332
Due to Archdiocese of Atlanta	653,262	51,195
Operating lease obligations	576,712	18,224
	<u>1,921,903</u>	<u>725,206</u>
Total liabilities	<u>1,921,903</u>	<u>725,206</u>
NET ASSETS		
Without donor restrictions		
Undesignated	2,704,874	4,017,459
Board-designated	418,745	415,047
	<u>3,123,619</u>	<u>4,432,506</u>
Total without donor restrictions	<u>3,123,619</u>	<u>4,432,506</u>
With donor restrictions	2,346,041	911,143
	<u>2,346,041</u>	<u>911,143</u>
Total net assets	<u>5,469,660</u>	<u>5,343,649</u>
Total liabilities and net assets	<u>\$ 7,391,563</u>	<u>\$ 6,068,855</u>

The accompanying notes to financial statements
are an integral part of these statements.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUES			
Public support			
Contributions	\$ 2,951,837	\$ 978,261	\$ 3,930,098
Archdiocese of Atlanta			
Cash contributions	636,996	-	636,996
In-kind contributions	168,475	-	168,475
Private grants	968,376	700,000	1,668,376
Government grants	2,895,224	-	2,895,224
Special events, net of \$195,503 of direct costs	145,692	-	145,692
Other in-kind contributions	131,392	-	131,392
Total public support	<u>7,897,992</u>	<u>1,678,261</u>	<u>9,576,253</u>
Revenues			
Program revenues	166,172	-	166,172
Investment income	307,051	-	307,051
Other	76,886	-	76,886
Total revenues	<u>550,109</u>	<u>-</u>	<u>550,109</u>
Net assets released from donor restrictions	243,363	(243,363)	-
Total public support and revenues	<u>8,691,464</u>	<u>1,434,898</u>	<u>10,126,362</u>
EXPENSES			
Program services	7,167,806	-	7,167,806
Management and general	989,720	-	989,720
Fundraising	1,842,825	-	1,842,825
Total expenses	<u>10,000,351</u>	<u>-</u>	<u>10,000,351</u>
CHANGE IN NET ASSETS	(1,308,887)	1,434,898	126,011
NET ASSETS, beginning of year	<u>4,432,506</u>	<u>911,143</u>	<u>5,343,649</u>
NET ASSETS, end of year	<u>\$ 3,123,619</u>	<u>\$ 2,346,041</u>	<u>\$ 5,469,660</u>

The accompanying notes to financial statements
are an integral part of this statement.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUES			
Public support			
Contributions	\$ 1,561,852	\$ 177,061	\$ 1,738,913
Archdiocese of Atlanta			
Cash contributions	636,996	-	636,996
In-kind contributions	168,475	-	168,475
Private grants	917,916	-	917,916
Government grants	2,597,958	-	2,597,958
Special events, net of \$118,471 of direct costs	94,428	-	94,428
Other in-kind contributions	298,908	-	298,908
Total public support	6,276,533	177,061	6,453,594
Revenues			
Program revenues	161,036	-	161,036
Investment loss	(303,578)	-	(303,578)
Paycheck Protection Program loan forgiveness	750,360	-	750,360
Other	68,540	-	68,540
Total revenues	676,358	-	676,358
Net assets released from donor restrictions	363,523	(363,523)	-
Total public support and revenues	7,316,414	(186,462)	7,129,952
EXPENSES			
Program services	6,267,663	-	6,267,663
Management and general	958,364	-	958,364
Fundraising	662,754	-	662,754
Total expenses	7,888,781	-	7,888,781
CHANGE IN NET ASSETS	(572,367)	(186,462)	(758,829)
NET ASSETS, beginning of year	5,004,873	1,097,605	6,102,478
NET ASSETS, end of year	\$ 4,432,506	\$ 911,143	\$ 5,343,649

The accompanying notes to financial statements
are an integral part of this statement.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Refugee Settlement	Immigration	Family Stabilization	Total Program Services	Management and General	Fundraising	Total
Salaries and related expenses	\$ 2,054,224	\$ 1,368,473	\$ 1,538,957	\$ 4,961,654	\$ 319,021	\$ 699,177	\$ 5,979,852
Fundraising and outreach	375	-	-	375	16,580	1,020,122	1,037,077
Direct assistance	700,385	2,752	262,400	965,537	-	-	965,537
Occupancy	177,800	45,830	106,698	330,328	147,919	44,336	522,583
Professional fees	66,295	128,386	20,757	215,438	106,535	128,264	450,237
Technology	55,074	29,299	77,980	162,353	133,326	16,081	311,760
Insurance	52,171	29,905	32,349	114,425	24,766	10,122	149,313
Miscellaneous	7,151	4,568	2,453	14,172	120,633	6,022	140,827
Other in-kind cost	66,211	-	25,970	92,181	7,389	31,823	131,393
Supplies	23,212	6,523	24,654	54,389	14,273	25,808	94,470
Telephone	37,067	9,366	21,908	68,341	22,748	3,353	94,442
Printing and postage	5,282	14,569	12,567	32,418	26,640	29,772	88,830
Depreciation and amortization	27,179	11,407	22,462	61,048	7,050	2,008	70,106
Local transportation	39,183	8,743	3,458	51,384	650	9,932	61,966
Conference and training	8,487	12,253	8,328	29,068	18,419	5,578	53,065
Subscriptions and dues	830	2,131	767	3,728	17,446	5,222	26,396
Archdiocese administrative fee	4,504	3,086	3,377	10,967	6,325	708	18,000
Total expenses	3,325,430	1,677,291	2,165,085	7,167,806	989,720	2,038,328	10,195,854
Less costs of direct benefits to donors	-	-	-	-	-	195,503	195,503
Total functional expenses	\$ 3,325,430	\$ 1,677,291	\$ 2,165,085	\$ 7,167,806	\$ 989,720	\$ 1,842,825	\$ 10,000,351

The accompanying notes to financial statements
are an integral part of this statement.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Refugee Settlement	Immigration	Family Stabilization	Total Program Services	Management and General	Fundraising	Total
Salaries and related expenses	\$ 1,448,670	\$ 1,369,950	\$ 1,493,281	\$ 4,311,901	\$ 430,972	\$ 452,504	\$ 5,195,377
Fundraising and outreach	-	-	-	-	12,103	161,545	173,648
Direct assistance	677,800	2,745	122,713	803,258	911	-	804,169
Occupancy	86,269	56,843	106,758	249,870	135,605	35,945	421,420
Professional fees	73,129	88,685	28,361	190,175	217,290	20,996	428,461
Insurance	42,333	32,722	30,584	105,639	18,921	6,839	131,399
Miscellaneous	24,224	24,390	59,341	107,955	15,659	43,883	167,497
Other in-kind cost	126,857	29,201	68,385	224,443	38,601	674	263,718
Supplies	30,356	11,414	38,821	80,591	10,149	7,519	98,259
Telephone	18,546	14,490	18,144	51,180	10,591	2,806	64,577
Printing and postage	2,053	12,411	813	15,277	11,116	13,438	39,831
Depreciation and amortization	16,560	5,952	24,639	47,151	11,034	135	58,320
Local transportation	35,758	1,183	2,930	39,871	2,438	806	43,115
Conference and training	3,617	2,789	5,511	11,917	30,367	32,296	74,580
Subscriptions and dues	44	2,583	285	2,912	5,692	992	9,596
Archdiocese administrative fee	4,492	2,158	4,056	10,706	4,633	847	16,186
Maintenance and repairs	2,107	222	12,488	14,817	2,282	-	17,099
Total expenses	2,592,815	1,657,738	2,017,110	6,267,663	958,364	781,225	8,007,252
Less costs of direct benefits to donors	-	-	-	-	-	118,471	118,471
Total functional expenses	\$ 2,592,815	\$ 1,657,738	\$ 2,017,110	\$ 6,267,663	\$ 958,364	\$ 662,754	\$ 7,888,781

The accompanying notes to financial statements
are an integral part of this statement.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 126,011	\$ (758,829)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES:		
Depreciation and amortization	70,106	58,320
Paycheck Protection Program loan forgiveness	-	(740,000)
Realized and unrealized loss (gain) on investments	1,415	(3,702)
Net (appreciation) depreciation in beneficial interest in assets held by others	(143,294)	390,316
Net (appreciation) depreciation in beneficial interest in remainder trust	(5,570)	59,859
Change in accounts and government grants receivable	(84,785)	(399,564)
Change in contributions receivable	(1,441,369)	286,025
Change in prepaid expenses	106,597	(152,001)
Change in right-of-use asset - operating leases	(567,910)	-
Change in accounts payable and accrued liabilities	88,876	(173,686)
Change in refundable advances	(52,734)	215,787
Change in due to Archdiocese of Atlanta	602,067	11,588
Change in operating lease obligations	558,488	(28,268)
Total adjustments	(868,113)	(475,326)
Net cash and cash equivalents used in operating activities	(742,102)	(1,234,155)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(15,058)	(148,444)
Proceeds from sale/maturity of investments	-	2,451,729
Purchases of investments	(26,256)	(2,439,927)
Net cash and cash equivalents used in investing activities	(41,314)	(136,642)

The accompanying notes to financial statements
are an integral part of these statements.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(783,416)	(1,370,797)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>2,178,019</u>	<u>3,548,816</u>
CASH AND CASH EQUIVALENTS		
End of year	<u>\$ 1,394,603</u>	<u>\$ 2,178,019</u>
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Non-cash investing and financing activities:		
Addition of right-of-use assets - operating leases	<u>\$ 780,344</u>	<u>\$ -</u>
Addition of operating lease obligations	<u>\$ 780,344</u>	<u>\$ -</u>

The accompanying notes to financial statements
are an integral part of these statements.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Catholic Charities of the Archdiocese of Atlanta, Inc. (the "Organization" or "CCA") is a voluntary health and welfare organization established by the Catholic Archdiocese of Atlanta (the "Archdiocese") as an independent juridical entity pursuant to the Code of Canon Law of the Roman Catholic Church. The Archbishop of the Archdiocese is the sole member of the corporation. The Organization qualifies as a non-profit organization within the meaning of Section 501(c)(3) of the Internal Revenue Code.

Since 1953, CCA has been providing help and creating hope for those in need through professional services that help eliminate barriers to self-sufficiency, stabilize families and transform lives. CCA serves those in need regardless of their religion and tailors services to the unique circumstances of the people served. CCA's strategic intent is to build bridges of hope, mercy and understanding. The Organization is supported through grants, contributions and in-kind donations from public and private donors and the Archdiocese.

B. In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842), which replaced existing lease accounting guidance. The new standard is intended to provide enhanced transparency and comparability by requiring lessees to record right-of-use assets ("ROU assets") and corresponding lease obligations on the Statements of Financial Position. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease obligations represent the Organization's obligation to make lease payments arising from the lease. The new guidance requires the Organization to continue to classify leases as either an operating or finance lease, with classification affecting the pattern of expense recognition in the Statements of Activities and Net Assets. In addition, the new standard requires enhanced disclosure surrounding the amount, timing and uncertainty of cash flows arising from leasing agreements.

In July 2018, FASB issued ASU 2018-11, which provides entities with an additional transition method. Under the new transition method, an entity initially applies the new standard at the adoption date, versus at the beginning of the earliest period presented, and recognizes a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. During the year ended June 30, 2023, the Organization adopted Topic 842 using a modified retrospective approach. Comparative prior period information has not been adjusted and continues to be reported in accordance with previous lease accounting guidance in Accounting Standards Codification ("ASC") Topic 840 - Leases. Upon adoption, the Organization recognized \$780,344 of ROU assets and operating lease obligations.

In September 2020, the Financial Accounting Standards Board issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the Statement of Activities and Net Assets, apart from contributions of cash or other financial assets, along with expanded disclosure requirements.

C. The accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

D. The Organization classifies net assets and revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. The Organization records contributions of cash and other assets as income without donor restrictions unless specifically restricted by the donor. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operation of the Organization. The governing Board has designated an amount, from net assets without donor restrictions, for contingencies.

Net assets with donor restrictions - Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature; for example, restrictions that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature; for example, stipulating that those resources be maintained in perpetuity. The donors of these assets permit the Organization to use all of the income earned on related investments for general or specific purposes. More specifically, items included in net assets with donor restrictions are gifts for which restrictions have not been met.

When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Net Assets as "net assets released from donor restrictions."

E. Contributions and private grants are recognized as revenue when the donor makes a promise to give to the Organization that is, in substance, unconditional. 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 recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts, if any, is included in contributions in the accompanying Statements of Activities and Net Assets. Conditional pledges, that is, those with a measurable

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

performance obligation or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to the Organization meeting the required conditions are recorded as refundable advances in the Statements of Financial Position. On June 30, 2023 and 2022, the Organization had refundable advances related to conditional grants of \$246,598 and \$299,332, respectively.

The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. The allowance for doubtful accounts was \$207,900 and \$103,000 on June 30, 2023 and 2022, respectively.

The Organization records non-cash contributions at their estimated fair market value at the date of the contribution. The Organization records contributed services as contribution revenue and as an expense if the services create or enhance a nonfinancial asset, or the services would (1) need to be purchased by the Organization if not provided by contribution, (2) require specialized skills, and (3) are provided by individuals with those skills.

Government grants are in the form of cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures, if any, are reported as refundable advances in the Statements of Financial Position.

CCA recognizes revenues from special events and programs in the period the event occurs. Amounts received prior to the event are reported as deferred revenue in the Statements of Financial Position. The Organization did not have any deferred revenues related to special events or programs as of June 30, 2023 and 2022.

F. The Organization considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

G. Investments, beneficial interest in assets held by others and beneficial interest in remainder trust are recorded at fair value. Unrealized gains and losses are included with investment income in the Statements of Activities and Net Assets. Interest, dividends and gains and losses on investments are recorded as changes in net assets without donor restrictions or net assets with donor restrictions depending on any donor stipulations on the use of the income.

H. Accounts and government grants receivable consist of government grants, program service fees and other receivables. Accounts and government grants receivable are recorded at the amount of cash estimated as realizable. The Organization provides an allowance for doubtful accounts based on the estimated collectability. When an account is determined uncollectible, it is written off to bad debt expense. Receivables are considered delinquent based on the

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

contractual terms of the account. Management believes that the accounts and government grants receivable are fully collectible; therefore, no allowance for accounts and government grants receivable is provided.

I. Purchased property and equipment are recorded at cost, and donated assets are recorded at their estimated fair market value at the date of donation. Repairs and maintenance are expensed as incurred. Property and equipment are depreciated over the estimated useful lives of the related assets using the straight-line method. Estimated useful lives of the assets range from three to ten years. Leasehold improvements are amortized over their estimated useful lives or their lease term, whichever is shorter.

J. 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. Certain prior year amounts have been reclassified to conform to the current year financial statements presentation.

L. Subsequent events have been evaluated by management through June 14, 2024, the date these financial statements were available to be issued.

2. FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Level 1 within the hierarchy states that valuations are based on unadjusted quoted market prices for identical assets or liabilities in active markets. Level 2 within the hierarchy states that valuations are based on quoted prices for similar assets in active markets, quoted prices for identical assets in inactive markets or other observable inputs other than quoted market prices. Level 3 within the hierarchy states that valuations are derived from valuation techniques in which one or more significant inputs are unobservable. At June 30, 2023 and 2022, the only assets or liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition are investments.

Following are valuation methodology descriptions used for assets measured at fair value:

Cash and money market: Valued at the amount payable on demand at the measurement date.

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Equities, exchange-traded funds and REIT funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

U.S. Treasuries and corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Beneficial interest in assets held by others: Valued based upon the Organization's share of the Foundation's pooled investment portfolio (see Note 5).

Beneficial interest in remainder trust: Valued using the fair value of the assets held in the trust as reported by the trustee. Management considers the measurement of its beneficial interest in the trust to be Level 3 within the fair value hierarchy because, although the measurement is based on the unadjusted fair value of the trust assets as reported by the trustee, the Organization does not have the ability to direct the trustee to redeem them.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities and exchange traded funds	\$ 25,830	\$ -	\$ -	\$ 25,830
Beneficial interest in assets held by others	-	-	2,229,363	2,229,363
Beneficial interest in remainder trust	-	-	245,450	245,450
 Total	 \$ 25,830	 \$ -	 \$ 2,474,813	 \$ 2,500,643

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The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Equities and exchange traded funds	\$ 27,245	\$ -	\$ -	\$ 27,245
Beneficial interest in assets held by others	-	-	2,059,813	2,059,813
Beneficial interest in remainder trust	-	-	239,880	239,880
Total	\$ 27,245	\$ -	\$ 2,299,693	\$ 2,326,938

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 investments for the years ended June 30:

	2023	2022
Balance, beginning of year	\$ 2,299,693	\$ 320,343
Transfers in	-	2,421,560
Interest	44,530	14,531
Administrative expenses	(17,584)	(5,875)
Distributions	(690)	(690)
Net appreciation (depreciation)	148,864	(450,176)
Balance, end of year	\$ 2,474,813	\$ 2,299,693

Investment income (loss) is summarized as follows for the years ended June 30:

	2023	2022
Interest and dividends	\$ 175,771	\$ 153,626
Investment management fees	(17,584)	(10,730)
Net appreciation (depreciation) of beneficial interest in assets held by others	143,294	(390,316)
Net appreciation (depreciation) of beneficial interest in remainder trust	5,570	(59,860)
Net realized and unrealized gain	-	3,702
Total investment (loss) income	\$ 307,051	\$ (303,578)

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3. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of unconditional promises to give recognized as revenue and as assets in the period received. Contributions receivable consist of the following on June 30:

	<u>2023</u>	<u>2022</u>
Contributions expected to be collected in:		
Less than one year	\$ 1,463,253	\$ 325,832
One year to five years	512,700	57,820
	<u>1,975,953</u>	<u>383,652</u>
Less discount to net present value at rates ranging from 4.49% to 4.87%	(46,032)	-
Less allowance for doubtful accounts	<u>(207,900)</u>	<u>(103,000)</u>
Contributions receivable, net	<u>\$ 1,722,021</u>	<u>\$ 280,652</u>

4. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

During 2022, the Organization established the Catholic Charity Atlanta Resource Fund with the Catholic Foundation of North Georgia (the "Foundation"). Except for \$200,000, the fund is an expendable fund, meaning that 100% of the fund's balance (above \$200,000) will be available through distributions for the needs of CCA. In general, CCA will receive income distributions, subject to the Foundation's spending policy. This fund has been recognized as a beneficial interest in assets held by others in the accompanying Statements of Financial Position. The fund balance was \$2,211,410 and \$2,042,518 at June 30, 2023 and 2022, respectively. The Foundation requires that \$200,000 of the total balance be held in perpetuity. The Organization did not receive income distributions from this fund during the years ended June 30, 2023 and 2022.

During 2011, the Organization established an endowment agreement with the Foundation. The Organization is entitled to receive distributions of income, subject to the Foundation's spending policy. This fund has been recognized as a beneficial interest in assets held by others in the accompanying Statements of Financial Position. The fund balance was \$17,953 and \$17,295 at June 30, 2023 and 2022, respectively. The Foundation requires that \$12,250 of the total balance be held in perpetuity. The Organization received income distributions of \$690 from this fund during the years ended June 30, 2023 and 2022, respectively.

The Foundation also has endowment funds established by donors for the benefit of the Organization. The Organization is entitled to receive distributions of income, subject to the Foundation's spending policy; however, the Foundation has ultimate authority and control over

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the endowment funds. Accordingly, these endowment funds have not been recognized by the Organization in the accompanying Statements of Financial Position. The Organization received income distributions of \$105,910 and \$111,310 from these funds during the years ended June 30, 2023 and 2022, respectively.

5. BENEFICIAL INTEREST IN REMAINDER TRUST

Net assets with donor restrictions include the Organization's beneficial interest in a remainder trust. This trust was established upon the death of a donor and is held and managed by a bank. Under the terms of the trust, the Organization will receive a lump-sum distribution upon the death of the lead beneficiary based on a percentage of the fair value of the trust assets. On June 30, 2023 and 2022, the Organization's interest in the trust was \$245,450 and \$239,880, respectively.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following on June 30:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 262,542	\$ 332,463
Transportation equipment	210,718	210,718
Computer software	65,100	115,587
Furniture and fixtures	64,962	64,962
Leasehold improvements	<u>68,954</u>	<u>68,955</u>
 Total	 672,276	 792,685
Less accumulated depreciation and amortization	<u>547,829</u>	<u>613,190</u>
 Property and equipment, net	 <u>\$ 124,447</u>	 <u>\$ 179,495</u>

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7. NET ASSETS

Changes to net assets with donor restrictions are as follows on June 30, 2023:

	<u>2022</u>	<u>Additions</u>	<u>Releases</u>	<u>2023</u>
Subject to passage of time	\$ -	\$ 703,934	\$ -	\$ 703,934
Subject to expenditure for specified purpose:				
Refugee resettlement	147,053	705,884	(47,096)	805,841
Beneficial interest in remainder trust	239,880	5,570	-	245,450
Family stabilization	133,357	69,593	(145,858)	57,092
Veterans	268,310	117,000	-	385,310
Disaster relief	46,223	50,210	(13,516)	82,917
Other program purposes	64,070	26,070	(36,893)	53,247
	898,893	974,327	(243,363)	1,629,857
Perpetual in nature	12,250	-	-	12,250
Total	<u>\$ 911,143</u>	<u>\$ 1,678,261</u>	<u>\$ (243,363)</u>	<u>\$ 2,346,041</u>

Changes to net assets with donor restrictions are as follows on June 30, 2022:

	<u>2021</u>	<u>Additions</u>	<u>Releases</u>	<u>2022</u>
Subject to expenditure for specified purpose:				
Refugee resettlement	\$ 158,664	\$ 53,243	\$ (64,854)	\$ 147,053
Beneficial interest in remainder trust	261,399	-	(21,519)	239,880
Family stabilization	160,585	116,192	(143,420)	133,357
Veterans	301,152	-	(32,842)	268,310
Disaster relief	73,622	750	(28,149)	46,223
Other program purposes	129,933	6,876	(72,739)	64,070
	1,085,355	177,061	(363,523)	898,893
Perpetual in nature	12,250	-	-	12,250
Total	<u>\$ 1,097,605</u>	<u>\$ 177,061</u>	<u>\$ (363,523)</u>	<u>\$ 911,143</u>

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Board-designated net assets consist of funds designated to meet the Organization's annual insurance deductible should claims arise. Board-designated net assets also include amounts to be held in perpetuity by the Catholic Foundation of North Georgia related to the beneficial interest in assets held by others (see Note 4).

8. IN-KIND CONTRIBUTIONS

The Organization's in-kind contributions consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Rent and utilities	\$ 168,475	\$ 168,475
Volunteer time	59,170	61,665
Auction items	31,823	35,189
Household items	20,971	40,162
Information technology services	11,690	149,144
Miscellaneous	6,508	7,374
Clothing	1,072	3,945
Food	<u>158</u>	<u>1,429</u>
 Total	 <u>\$ 299,867</u>	 <u>\$ 467,383</u>

Rent is valued using rent per square foot for comparable office space. Utilities are valued using actual utility costs allocated to the space occupied by the Organization. The contributed rent and utilities are used for both program and supporting services.

The Organization receives items to be sold at its annual gala. Contributed auction items are valued at the lower of the gross selling price received or fair market value established by donor.

Volunteer time is valued using the vendor's customary rate or a rate based on a comparable position within the Organization. The remaining in-kind contributions are valued using estimated average U.S. prices of identical or similar products or services using pricing data of similar products or services under a "like-kind" methodology, considering the utility of the goods or services at the time of the contribution. These in-kind products and services were used for the Organization's program activities. No in-kind contributions were restricted.

9. PPP LOAN

In May 2020, the Organization received loan proceeds in the amount of \$740,000 under the Paycheck Protection Program ("PPP") created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration ("SBA"). During the year ended June 30, 2022, the Organization applied for and received forgiveness of the entire loan amount and

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accrued interest from the SBA. The amount of forgiveness is presented as a component of revenues on the Statement of Activities and Net Assets for the year ended June 30, 2022.

10. FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation for personnel services and facilities. Compensation for personnel services is documented with timesheets and allocated based on time spent on each program or grant. Facilities are allocated based on square footage. All other expenses are charged directly to the program benefiting from those costs.

11. RIGHT-OF-USE ASSET AND OPERATING LEASE OBLIGATIONS

The Organization has entered into operating leases for office space and equipment expiring at various dates through June 30, 2027. Management anticipates that expired leases will be renewed or replaced in the normal course of business.

Upon adoption of ASU 2016-02, ROU assets and lease obligations were recorded at the present value of future payments using the treasury rate for the initial term and origination date which ranged from 2.88% to 4.48%. The ROU assets are amortized over the life of the lease and is considered rent expense. For the years ended June 30, 2023 and 2022, rent expense, excluding in-kind use of facilities and equipment, totaled \$262,737 and \$317,280, respectively. At June 30, 2023, the ROU assets and operating lease obligations totaled \$567,910 and \$576,712, respectively.

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>	<u>Discount</u>	<u>Amount</u>
2024	\$ 300,753	\$ 18,186	\$ 282,567
2025	160,504	9,306	151,198
2026	128,009	2,795	125,214
2027	<u>17,968</u>	<u>235</u>	<u>17,733</u>
Total	<u>\$ 607,234</u>	<u>\$ 30,522</u>	<u>\$ 576,712</u>

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12. LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2023 and 2022, comprise the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,394,603	\$ 2,178,019
Investments	25,830	27,245
Accounts and government grants receivable	929,725	844,940
Contributions receivable	1,722,021	280,652
Expendable portion of beneficial interest held by others	<u>2,028,113</u>	<u>1,858,563</u>
 Total financial assets, at year end	 6,100,292	 5,189,419
 Less amounts unavialable for general purposes		
Board-desingated net assets	(418,745)	(415,047)
Long-term portion of contributions recievable	(512,700)	(57,820)
Donor restrictions for specific purposes	<u>(1,642,107)</u>	<u>(911,143)</u>
 Total financial assets available for general expenditure	 <u>\$ 3,526,740</u>	 <u>\$ 3,805,409</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. On June 30, 2023 and 2022, assets include \$1,642,1007 and \$911,143, respectively, received from donors with purpose restrictions. While the Organization does not intend to fully utilize these funds in the general course of business, they are available for the donor-restricted purposes when necessary. Additionally, the Organization has designated net assets for specific purposes (see Note 7). Although the Organization does not intend to spend from the Board-designated net assets (other than for their intended purpose), these amounts could be made available if necessary.

13. CONCENTRATIONS

The Organization maintains cash balances with a bank and a brokerage firm. Occasionally, these balances may exceed the insurance limits provided for by the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation. Based on the financial strength of the institutions, management believes the risk of loss is minimal.

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14. SIGNIFICANT SOURCE OF REVENUE

The Organization receives a significant portion of its revenue from federal, state and other pass-through government agencies in the form of grants. These grants are either renewable on an annual basis or are one-time grants that may be dependent on current and future economic and social conditions. Federally funded grants received either directly or indirectly accounted for approximately 29% and 36% of total revenue for the years ended June 30, 2023 and 2022, respectively. In 2023 and 2022, approximately 54% and 46%, respectively, of the federal grants came either directly or indirectly from the U.S. Department of Health and Human Services.

15. RELATED PARTY TRANSACTIONS

The Organization participates in a defined contribution retirement plan (the "Plan") which is administered by RCAA Administrative Services, Inc. ("RCAA") and covers substantially all lay employees who are at least 21 years old and have completed one year of service. Upon entering the Plan, the Organization funds 6% of an eligible participant's salary if the participant was employed for at least 1,000 hours during each Plan year. The Plan is totally employer funded and employees are not permitted to make contributions to the Plan. The Organization contributed \$152,605 and \$146,532 to the Plan during the years ended June 30, 2023 and 2022, respectively. The Organization has amounts payable to RCAA related to these retirement contributions totaling \$59,142 and \$26,257 at June 30, 2023 and 2022, respectively.

The Organization's health, life and workers' compensation insurance are provided under the RCAA's insurance plan and are billed to the Organization. Expenses billed in the years ended June 30, 2023 and 2022 related to these insurance premiums were \$1,177,288 and \$1,066,627, respectively. The Organization has amounts payable to RCAA related to these insurance premiums totaling \$589,777 and \$22,817 at June 30, 2023 and 2022, respectively.

The Organization invests excess funds with the AoA Deposit and Loan Fund Trust (the "Trust"), which earns interest at a rate determined by the Trust (currently 2.25%). The Trust receives funds from various schools, parishes and other related agencies and in turn loans funds to other schools, parishes and related agencies. The Organization's funds invested in the Trust at June 30, 2023 and 2022 totaled \$818,723 and \$1,103,756, respectively.

During the years ended June 30, 2023 and 2022, the Organization received contributions totaling \$636,996 and \$636,996, respectively, from the Archdiocese to support operations.

The Archdiocese provides both the facility and utilities for the Organization's corporate office location. The total value of the facility and utilities was determined by the Archdiocese to be \$168,475 during the years ended June 30, 2023 and 2022 and has been recognized as in-kind contributions in the accompanying Statements of Activities and Net Assets. As of June 30, 2023, the Organization had amounts payable to RCAA related to general support of \$4,731.

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The Organization has a line of credit agreement with the Archdiocese that allows for borrowings up to \$500,000 to fund operations. The borrowings accrue interest at a rate of 4%. The outstanding balance and interest are to be repaid in monthly installments at the stated interest rate. There was no outstanding balance on the line at June 30, 2023 and 2022. The line is set to mature in October 2023.

16. CONTINGENCIES

The Organization is, from time to time, subject to legal proceedings and claims that arise in the ordinary course of business. The Organization carries insurance coverage, subject to a deductible, for risk of loss. Management is not aware of any material claims that could have a material impact on its financial statements.

17. SUBSEQUENT EVENT

On March 11, 2024, the Organization increased the line of credit with the Archdiocese to \$1,000,000 with a maturity date of May 31, 2026 (see Note 15).