

• **Financial Statements**

• **Catholic Charities**  
• **Diocese of Toledo, Inc.**

• June 30, 2022 and 2021



# CONTENTS



	<b>Page</b>
<b>Independent Auditor's Report</b>	<b>3</b>
<b>Financial Statements:</b>	
<b>Statements of Financial Position</b>	<b>5</b>
<b>Statements of Activities</b>	<b>6</b>
<b>Statements of Functional Expenses</b>	<b>8</b>
<b>Statements of Cash Flows</b>	<b>10</b>
<b>Notes to Financial Statements</b>	<b>11</b>



The Board of Directors  
Catholic Charities Diocese of Toledo, Inc.  
Toledo, Ohio

## **Independent Auditor's Report**

### ***Opinion***

We have audited the accompanying financial statements of Catholic Charities Diocese of Toledo, Inc. (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***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 Company's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS 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 GAAS, 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 Company'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 Company'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.

*GBQ Partners LLC*

Sylvania, Ohio  
May 25, 2023

# CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

## Statements of Financial Position

June 30, 2022 and 2021



	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,305,100	\$ 2,228,462
Grants and contracts receivable	249,003	221,716
Accounts receivable	84,451	78,855
Prepaid expenses	31,903	24,871
Investments	1,032,882	1,190,332
Property and equipment - net of accumulated depreciation of \$684,345 and \$633,803	279,686	275,176
Assets not yet placed in service	1,090	-
<b>TOTAL ASSETS</b>	<b>\$ 3,984,115</b>	<b>\$ 4,019,412</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 151,740	\$ 128,603
Accrued wages and vacation	140,896	132,654
Deferred revenue	187,338	107,681
Total liabilities	479,974	368,938
<b>Net Assets</b>		
Without donor restrictions:		
Undesignated	1,702,319	2,081,975
Board designated	229,547	229,547
With donor restrictions	1,572,275	1,338,952
Total net assets	3,504,141	3,650,474
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,984,115</b>	<b>\$ 4,019,412</b>

*The accompanying notes are an integral part of the financial statements.*

# CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

## Statement of Activities For the Year Ended June 30, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Diocesan allocation, support and Toledo Catholic Charities Corp.	\$ 766,971	\$ -	\$ 766,971
Grants and contracts:			
United Way Agencies	-	210,048	210,048
Federal grants	-	626,933	626,933
State and local grants	-	534,395	534,395
Foundations	-	586,552	586,552
Program service fees	31,580	-	31,580
Contributions, legacies and bequests	1,008,951	797,956	1,806,907
Contributions of non-financial assets	597,372	-	597,372
Investment loss	( 149,421)	-	( 149,421)
Other	87,308	-	87,308
Net assets released from restrictions	2,522,561	( 2,522,561)	-
Total revenue and support	4,865,322	233,323	5,098,645
<b>Expenses</b>			
Program services:			
Food and shelter	3,623,442	-	3,623,442
Elderly	516,984	-	516,984
Other	633,721	-	633,721
Total program expenses	4,774,147	-	4,774,147
Supporting services:			
Management and general	269,668	-	269,668
Fundraising	201,163	-	201,163
Total supporting services	470,831	-	470,831
Total expenses	5,244,978	-	5,244,978
Change in net assets	( 379,656)	233,323	( 146,333)
<b>Net Assets - Beginning of Year</b>	<b>2,311,522</b>	<b>1,338,952</b>	<b>3,650,474</b>
<b>Net Assets - End of Year</b>	<b>\$ 1,931,866</b>	<b>\$ 1,572,275</b>	<b>\$ 3,504,141</b>

*The accompanying notes are an integral part of the financial statements.*

# CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

## Statement of Activities For the Year Ended June 30, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Diocesan allocation, support and Toledo Catholic Charities Corp.	\$ 690,589	\$ -	\$ 690,589
Grants and contracts:			
United Way Agencies	-	182,507	182,507
Federal grants	-	632,689	632,689
State and local grants	-	537,910	537,910
Foundations	-	564,077	564,077
Program service fees	38,133	-	38,133
Contributions, legacies and bequests	1,529,555	745,878	2,275,433
Contributions of non-financial assets	637,204	-	637,204
Forgiveness of PPP loan	300,274	-	300,274
Investment income	277,221	-	277,221
Other	54,372	-	54,372
Net assets released from restrictions	2,171,583	( 2,171,583)	-
Total revenue and support	5,698,931	491,478	6,190,409
<b>Expenses</b>			
Program services:			
Food and shelter	3,190,917	-	3,190,917
Elderly	649,722	-	649,722
Other	495,178	-	495,178
Total program expenses	4,335,817	-	4,335,817
Supporting services:			
Management and general	403,978	-	403,978
Fundraising	219,735	-	219,735
Total supporting services	623,713	-	623,713
Total expenses	4,959,530	-	4,959,530
Change in net assets	739,401	491,478	1,230,879
<b>Net Assets - Beginning of Year</b>	1,572,121	847,474	2,419,595
<b>Net Assets - End of Year</b>	\$ 2,311,522	\$ 1,338,952	\$ 3,650,474

The accompanying notes are an integral part of the financial statements.

# CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

## Statement of Functional Expenses For the Year Ended June 30, 2022

	Program Services				Supporting Services		Total
	Food and Shelter	Elderly	Other	Total Program Services	Management and General	Fundraising	
Salaries	\$ 1,362,447	\$ 303,510	\$ 292,456	\$ 1,958,413	\$ 147,766	\$ 92,397	\$ 2,198,576
Specific assistance to individuals	1,269,967	8,301	56,528	1,334,796	126	-	1,334,922
Employee benefits	327,796	90,891	52,747	471,434	32,359	13,822	517,615
Contract services and professional fees	144,477	18,814	70,612	233,903	22,433	66,546	322,882
Occupancy	135,541	34,502	29,833	199,876	23,659	4,117	227,652
Payroll taxes	102,170	22,812	21,763	146,745	11,594	6,935	165,274
Maintenance, repairs, and equipment rental	89,526	3,218	3,312	96,056	6,960	-	103,016
Supplies	50,746	7,033	16,560	74,339	5,267	8,936	88,542
Telephone	30,015	9,839	4,431	44,285	2,968	1,042	48,295
Depreciation	47,388	443	1,285	49,116	1,426	-	50,542
Travel	14,579	10,496	22,663	47,738	1,189	1,450	50,377
Special events	434	63	14,820	15,317	21	489	15,827
Agency training and meetings	12,683	2,452	39,602	54,737	3,490	254	58,481
Printing, publications, and subscriptions	15,552	1,782	1,799	19,133	3,860	43	23,036
Dues	10,623	1,383	3,230	15,236	4,108	69	19,413
Miscellaneous	5,661	938	1,176	7,775	1,334	3,707	12,816
Postage and shipping	3,837	507	904	5,248	1,108	1,356	7,712
<b>Total Functional Expenses</b>	<b>\$ 3,623,442</b>	<b>\$ 516,984</b>	<b>\$ 633,721</b>	<b>\$ 4,774,147</b>	<b>\$ 269,668</b>	<b>\$ 201,163</b>	<b>\$ 5,244,978</b>

*The accompanying notes are an integral part of the financial statements.*



# CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

## Statement of Functional Expenses For the Year Ended June 30, 2021

	Program Services				Supporting Services		Total
	Food and Shelter	Elderly	Other	Total Program Services	Management and General	Fundraising	
Salaries	\$ 1,138,439	\$ 378,499	\$ 234,780	\$ 1,751,718	\$ 219,472	\$ 96,171	\$ 2,067,361
Specific assistance to individuals	1,227,043	5,389	65,784	1,298,216	-	-	1,298,216
Employee benefits	257,257	121,028	50,864	429,149	51,560	21,094	501,803
Contract services and professional fees	112,253	29,658	34,782	176,693	31,120	77,973	285,786
Occupancy	125,551	42,290	29,368	197,209	36,482	5,790	239,481
Payroll taxes	86,190	23,861	17,627	127,678	19,322	7,126	154,126
Maintenance, repairs, and equipment rental	76,136	3,827	2,798	82,761	8,976	-	91,737
Supplies	45,532	9,351	13,210	68,093	8,931	3,103	80,127
Telephone	25,819	9,322	3,373	38,514	5,315	1,206	45,035
Depreciation	40,501	771	1,122	42,394	2,195	-	44,589
Travel	7,763	15,056	13,153	35,972	1,255	2,011	39,238
Special events	12,088	-	14,299	26,387	-	-	26,387
Agency training and meetings	10,910	2,474	8,233	21,617	1,518	51	23,186
Printing, publications, and subscriptions	8,508	3,334	1,651	13,493	8,234	-	21,727
Dues	7,220	1,947	2,536	11,703	5,184	108	16,995
Miscellaneous	5,036	1,717	819	7,572	2,566	3,126	13,264
Postage and shipping	4,671	1,198	779	6,648	1,848	1,976	10,472
<b>Total Functional Expenses</b>	<b>\$ 3,190,917</b>	<b>\$ 649,722</b>	<b>\$ 495,178</b>	<b>\$ 4,335,817</b>	<b>\$ 403,978</b>	<b>\$ 219,735</b>	<b>\$ 4,959,530</b>

*The accompanying notes are an integral part of the financial statements.*

# CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

## Statements of Cash Flows

For the Years Ended June 30, 2022 and 2021

	2022	2021
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$( 146,333)	\$ 1,230,879
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	50,542	44,589
Net realized and unrealized (gain) loss on investments	214,163	( 228,925)
Gain on forgiveness of PPP loan	-	( 297,600)
Changes in operating assets and liabilities that increase (decrease) cash flows:		
Grants and contracts receivable	( 27,287)	( 6,538)
Accounts receivable	( 5,596)	( 10,471)
Prepaid expenses	( 7,032)	( 2,097)
Accounts payable	23,137	68,505
Accrued wages and vacation	8,242	36,866
Deferred revenue	79,657	30,432
Total adjustments	<u>335,826</u>	<u>( 365,239)</u>
Net cash provided by operating activities	<b>189,493</b>	865,640
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	( 56,142)	( 98,775)
Proceeds from sale of investments	1,222,488	20,560
Purchase of investments	<u>( 1,279,201)</u>	<u>( 60,494)</u>
Net cash used in investing activities	<u>( 112,855)</u>	<u>( 138,709)</u>
Increase in cash and cash equivalents	<u>76,638</u>	<u>726,931</u>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>2,228,462</b>	1,501,531
<b>Cash and Cash Equivalents - End of Year</b>	<b><u>\$ 2,305,100</u></b>	<b><u>\$ 2,228,462</u></b>

*The accompanying notes are an integral part of the financial statements.*

# CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

## Notes to Financial Statements

June 30, 2022 and 2021



### Nature and Scope of Business

Catholic Charities Diocese of Toledo, Inc. (the "Agency") was formed in 1914, originally to care for dependent and neglected children, to provide adoption services and to provide service to those with emotional and behavioral problems. Since that time the Agency has grown in size and scope and now offers a variety of services throughout Northwest Ohio. The Agency is primarily funded by and dependent on contributions, legacies and bequests, the support of the Diocese of Toledo, and grants and contracts from private foundations and various governmental entities. The Agency also receives support through various United Way agencies and receives fees for services provided.

The Agency serves 19 counties in Northwest Ohio. All significant intra-agency balances and transactions have been eliminated.

### Summary of Significant Accounting Policies

#### Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Non-cash donations are recorded at fair value when received. An amount has not been assigned to donated services, as these services provided generally do not require specialized skills; however, volunteers have donated significant amounts of time to Agency-sponsored programs.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

#### Investments

Investments in common collective trusts are valued at market price on the last day of the Agency's year-end.

#### Cash and Cash Equivalents

The Agency considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

# CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

## Notes to Financial Statements

June 30, 2022 and 2021

### Summary of Significant Accounting Policies (continued)

#### Depository Credit Risk

The Agency has \$1,401,806 and \$1,076,789 at June 30, 2022 and 2021, respectively, on deposit with the Diocese of Toledo Trust and is included in cash balances in the statement of financial position. Such amounts represent an obligation of the Diocese and are not maintained in bank accounts in the name of the Agency.

The Agency maintains its cash in bank deposit accounts which, at times, may exceed Federal Deposit Insurance Corporation limits. Such excess uninsured amounts, which aggregated approximately \$176,700 and \$206,600 at June 30, 2022 and 2021, respectively, are uncollateralized and in the event of bank failure may not be returned.

#### Receivables

The Agency considers receivables from grantors to be fully collectible, accordingly, no allowance for doubtful accounts is included in the financial statements. When amounts are deemed uncollectible, they are expensed in the year the determination is made. Other receivables, consisting of amounts owed by clients for certain services it provides, are reduced by an allowance for doubtful accounts. Other receivables are deemed past due 30 days after the invoice date. In evaluating the collectability of other receivables, the Agency analyzes its past history and identifies trends to estimate the appropriate allowance for doubtful accounts and provisions for bad debts.

#### Property and Equipment

Property and equipment are recorded at cost. Donated property and equipment are recorded at the estimated fair market value at the time of donation. The Agency uses a capitalization policy of \$1,500 and greater. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. The Agency provides for depreciation and amortization using the straight-line method over the estimated useful lives of the depreciable assets.

#### Revenue Recognition

##### *Contribution Revenue*

The Agency recognizes contributions when cash or other assets or an unconditional promise to give is received. Contributions of assets other than cash are recognized at their estimated fair value as of the date of the contribution. Conditional promises to give which contain measurable performance requirements or other barriers and the right of return are not recognized until the conditions on which they depend have been met. Deferred revenue is recorded when grant or contribution proceeds are received but the related conditions have not been met.

# CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

## Notes to Financial Statements

June 30, 2022 and 2021

### Summary of Significant Accounting Policies (continued)

#### Revenue Recognition (continued)

##### *Contribution Revenue* (continued)

The Agency's contribution revenue derived from cost-reimbursable federal, state and local grants and contracts, are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Agency has incurred expenditures in compliance with specific grant or contract provisions.

##### *Exchange Transactions*

Revenue from contractual services relates to contracts with clients in which the Agency's performance obligations are to provide consulting, pastoral services and guardian services. Fee for service revenues are recognized at the point of time when the service is provided to the client and is billed monthly. Guardian fees represent agreements to provide services to clients on an as needed basis on an annual basis based on a court prescribed formula based on assets and income. Services are billed at the end of each year when it is determined the client has the funds to pay such fees. Revenue is recognized when the services are billed.

The Agency recognizes revenue from ticket sales for fundraising events at the time of admission. Ticket sales are comprised of an exchange element based on the value of the benefit provided, and a contribution element for the difference between the total ticket price and the exchange element.

#### In-Kind Contributions

The Agency receives donated food and other items for various shelters throughout the year. The in-kind donations have been recorded as revenue in contributions and a corresponding expense in specific assistance to individuals.

Revenue and expenses have been recorded in the accompanying financial statements for the excess of the estimated fair value rental over amounts presently paid by the Agency for use of facilities and for services provided by employees of the Diocese of Toledo

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification of expenses by function. Accordingly, certain costs are allocated between the programs and supporting services benefited. The expenses that are allocated primarily consist of occupancy and related expenses, which are allocated based on an estimate of the space occupied by each function. As well as salaries and wages and related employee benefits and payroll taxes, which are allocated based on estimates of time and effort. Management considers its method of allocation to be equitable.

# CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

## Notes to Financial Statements

June 30, 2022 and 2021

### Summary of Significant Accounting Policies (continued)

#### Income Taxes

The Agency, a not-for-profit corporation as described in Sections 501(c)(3) of the Internal Revenue Code (the "Code") is classified as a church by the Internal Revenue Service, and, therefore, is not subject to federal income tax and has been classified as an Agency that is not a private foundation under Section 509 of the Code.

#### Net Assets

The Agency reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

The governing board has designated, from net assets without donor restrictions, net assets of approximately \$229,500 at both June 30, 2022 and 2021 for special purposes as determined by the Board. Such designated amounts may be undesignated at any time at the direction of the Board.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions.

Net assets with donor restrictions are resources that are subject to donor, grantor or funder imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. The Agency believes it has no net assets with donor imposed restrictions that must be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

#### Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which amends existing accounting standards for lease accounting, including requiring lessees to recognize most leases on the balance sheet and making certain changes to lessor accounting. The new standard is effective for nonpublic entities for fiscal years beginning after December 15, 2021 and for interim periods therein, with early adoption permitted. This ASU requires a modified retrospective transition approach (with certain practical expedients available). The Agency is currently evaluating the impact the new standard may have on its financial statements.

# CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

## Notes to Financial Statements

June 30, 2022 and 2021

### Summary of Significant Accounting Policies (continued)

#### New Accounting Pronouncements

##### *Adoption of ASU 2020-07*

The Agency adopted the provisions and disclosure requirements described in ASU 2020-07, *Not-for-Profit Entities (Topic 948): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The adoption of this ASU was applied retrospectively. The adoption of this standard did not have a material effect on the Agency's financial statements. As a result of the adoption, \$637,204 in contributions of non-financial assets were reclassified out of contributions, legacies and bequests in the accompanying 2021 statement of activities to conform to current year presentation.

	<b>As Reported</b>	<b>Reclassification</b>	<b>As Adjusted</b>
Contributions, legacies and bequests	\$ 2,275,433	\$ ( 637,204)	\$ 1,638,229
Contributions of non-financial assets	-	637,204	637,204

#### Reclassification

Certain amounts in the 2021 financial statements were reclassified to conform with the 2022 presentation.

### Liquidity and Availability of Financial Assets

The Agency monitors its liquidity so that it is able to meet its operating needs and other commitments while maximizing the investment of its excess operating cash. The Agency has the following financial assets that could readily be made available within one year of the balance sheet date to fund expenses without limitations:

	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ <b>2,305,100</b>	\$ 2,228,462
Grants and contracts receivable	<b>249,003</b>	221,716
Accounts receivable	<b>84,451</b>	78,855
<b>Total financial assets available to meet cash needs for general expenditures within one year</b>	<b>\$ 2,638,554</b>	<b>\$ 2,529,033</b>

The Agency anticipates covering its operating expenditures by collection of sufficient revenues from grants, contracts and contributions.

# CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

## Notes to Financial Statements

June 30, 2022 and 2021

### Lease Commitments

The Agency leases office space from the Diocese of Toledo, an affiliate, and various unrelated parties under operating lease agreements. The Agency also leases certain equipment under non-cancelable operating leases expiring on various dates through fiscal year 2025.

The Agency leases its Norwalk office facilities under a year-to-year lease at no cost to the Agency. In-kind rent for this lease amounted to approximately \$32,800 for each of the years ended June 30, 2022 and 2021. All expenses of operating and maintaining these facilities are paid by the Agency. In fiscal year 2017, the Agency received a contribution of \$55,000 from a foundation for renovations. Failure to occupy the premises until July 2027 will result in the contribution being paid back on a pro rata basis.

Total rent expense amounted to approximately \$162,900 and \$183,300 (including in-kind rent) for the years ended June 30, 2022 and 2021, respectively, of which approximately \$54,000 and \$66,000, respectively relates to the lease with the Diocese of Toledo.

Future minimum rental commitments under noncancelable operating lease agreements, as of June 30, 2022, are as follows:

Year Ending	Amount
2023	\$ 74,400
2024	71,800
2025	25,200
2026	3,700
2027	3,600
2028	
& Thereafter	1,800
<b>Total</b>	<b>\$ 180,500</b>

The Agency entered into subleases during 2021 and 2022 which expire at varying dates through 2022 and 2023, respectively. The Agency also subleases space under a month-to-month lease. The total rental income amounted to approximately \$32,400 and \$35,400 for the years ended June 30, 2022 and 2021, respectively.

Future minimum lease payments of to be received under non-cancelable sublease agreements at June 30, 2022 totaling \$1,400 are receivable in 2023.



# CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

## Notes to Financial Statements

June 30, 2022 and 2021



### Note Payable

In connection with the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), in April 2020, the Agency was approved for a term note which allowed for available funds of \$297,600. The term note charges interest at a fixed rate of 1%. The original repayment terms included principal and interest payments of \$16,748 beginning in November 2020 through April 2022. In June of 2020, the PPP Flexibility Act of 2020 was signed into law, which revised the deferral period for PPP loans, allowing the Agency to defer payments until ten months after the end of the loan forgiveness covered period or when forgiveness is received. Under the terms of the PPP, up to 100% of the loan (and related interest expense) may be forgiven if the proceeds are used for covered expenses and certain other requirements related to wage rates and maintenance of full-time equivalents are met. The Agency has applied for forgiveness and achieved full forgiveness of the loan and accrued interest in March 2021.

The U.S. Small Business Administration (SBA) may undertake a review of a loan of any size during the six-year period following forgiveness or repayment of the loan. The review may include the loan forgiveness application, as well as whether the Agency met the eligibility requirements of the program and received the proper loan amount. The timing and outcome of any SBA review is not known.

### Retirement Plans

#### Defined Contribution Plan

The Agency has a single employer 403(b) Thrift plan for the benefit of eligible employees. Eligible employees may defer a portion of their salary to the Plan. Catholic Charities Diocese of Toledo, Inc. makes matching contributions equal to 100% of the employee's elective deferrals that do not exceed 1% of compensation. Catholic Charities Diocese of Toledo, Inc. also makes a base employer contribution of 2% of qualified compensation to all eligible participants.

The Agency's expense under the plans for the years ended June 30, 2022 and 2021 amounted to approximately \$50,800 and \$49,000, respectively.

### Unemployment Compensation

The Agency has elected to be self-insured under the Ohio Unemployment Compensation Act. Unemployment compensation claims of approximately \$-0- and \$9,400 were paid during the years ended June 30, 2022 and 2021, respectively, and management is not aware of any material unemployment compensation claims or liabilities at year end.

# CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

## Notes to Financial Statements

June 30, 2022 and 2021

### Investments

The investments at June 30 are summarized as follows:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Common collective trust	\$ 1,253,087	\$ 1,032,882	\$ 922,445	\$ 1,190,332
<b>Total</b>	<b>\$ 1,253,087</b>	<b>\$ 1,032,882</b>	<b>\$ 922,445</b>	<b>\$ 1,190,332</b>

Investment income(loss) consisted of the following for the years ended June 30:

	2022	2021
Net realized and unrealized gains (losses) on investments	\$( 214,163)	\$ 228,925
Interest and dividends	64,742	48,296
<b>Net</b>	<b>\$( 149,421)</b>	<b>\$ 277,221</b>

### Fair Value Measurements

U.S. GAAP established a fair value hierarchy that prioritizes the inputs to measure the fair value of the assets or liabilities being measured. Fair value is defined as the exchange value that would be received on the measurement date to sell an asset or to value the amount paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants. The three levels of the fair value hierarchy are as follows:

- Level 1 Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date. Level 1 inputs provide the most reliable measure of fair value as of the measurement date.
- Level 2 Inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active or inputs other than quoted prices that are observable for the asset or liability.
- Level 3 Inputs are significant unobservable inputs for the asset or liability.

The level of the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

# CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

## Notes to Financial Statements

June 30, 2022 and 2021

### Fair Value Measurements (continued)

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2022 and 2021.

*Common collective trust:* Valued at the Agency's proportionate interest in the master investment pool and are based on active market rates.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Agency 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.

Common collective trust funds are classified as Level 2 due to the inputs not being traded on an active market but for which observable market inputs are readily available.

The following table sets forth by level, within the fair value hierarchy, the Agency's investments at fair value as of June 30, 2022 and 2021.

Fair Value Measurements at June 30, 2022:

	Level 1	Level 2	Level 3	Total
Common collective trust	\$ -	\$ 1,032,882	\$ -	\$ 1,032,882
Total investments at fair value	\$ -	\$ 1,032,882	\$ -	\$ 1,032,882

Fair Value Measurement at June 30, 2021:

	Level 1	Level 2	Level 3	Total
Common collective trust	\$ -	\$ 1,190,332	\$ -	\$ 1,190,332
Total investments at fair value	\$ -	\$ 1,190,332	\$ -	\$ 1,190,332

# CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

## Notes to Financial Statements

June 30, 2022 and 2021

### Property and Equipment

Property and equipment consist of the following at June 30:

	2022	2021
Land and improvements	\$ 40,981	\$ 30,481
Building and improvements	695,794	686,069
Furniture and fixtures	55,705	55,705
Equipment	160,428	125,601
Vehicles	11,123	11,123
Total property and equipment	964,031	908,979
Less: accumulated depreciation	( 684,345)	( 633,803)
<b>Net property and equipment</b>	<b>\$ 279,686</b>	<b>\$ 275,176</b>

The Agency received grant funds of \$29,740 to repair certain facilities utilized as homeless shelters. Failure to utilize these facilities for their current purpose until July 1, 2025 will result in the grant funds being refunded to the grantor.

### Impairment of Assets

The carrying value of long-lived assets is reviewed for impairment whenever events or changes in circumstances indicate the amount of the assets may not be recoverable. When an indication of impairment is present and the undiscounted cash flows estimated to be generated by the related assets are less than the assets' carrying amount, an impairment loss will be recorded based on the difference between the carrying amount of the assets and their estimated fair value. There were no such impairment losses recorded for the years ended June 30, 2022 and 2021.

### Contingencies, Risks and Uncertainties

#### Grants and Contracts

The Agency receives substantial financial assistance from federal and state agencies and other organizations in the form of grants and contracts. These amounts are generally awarded on an annual basis, and there is no assurance as to their continuance or future amounts to be awarded. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and contracts and are subject to audit by the grantor agencies. Any disallowed amounts resulting from such audits may become a liability of the Agency. However, in the opinion of management, disallowed amounts, if any, will not have a material adverse effect on the overall financial position of the Agency at June 30, 2022 and 2021.

# CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

## Notes to Financial Statements

June 30, 2022 and 2021

### Contingencies, Risks and Uncertainties (continued)

#### Other

In March 2020, the World Health Organization declared the global novel coronavirus disease (COVID-19) outbreak a pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen that are likely to negatively impact the results of operations. However, the Agency cannot reasonably estimate at this time the specific extent, duration or full impact that the COVID-19 pandemic will have on its financial condition and operations.

### Related Party Transactions

The Agency leases an office location on a month-to-month basis from the Diocese of Toledo. Total rent paid under the agreement was approximately \$54,000 and \$66,000 for the years ended June 30, 2022 and 2021, respectively.

The Agency utilizes two properties owned by the Diocese of Toledo to operate their homeless shelters. Management believes the value of the use of these facilities is not material and no in-kind rent has been recognized in the accompanying statements of activities.

The Agency received support from the Diocese in the form of cash totaling \$766,971 and \$680,589, for the years ended June 30, 2022 and 2021, respectively. In addition, the Agency occasionally utilizes the services of the Diocese's General Counsel.

The Agency reimbursed the Diocese of Toledo Trust for healthcare and other expenses totaling \$536,461 and \$519,060 for the years ended June 30, 2022 and 2021, respectively.

The Agency reimbursed the Diocese of Toledo for administrative fees totaling \$72,035 and \$59,966 for the years ended June 30, 2022 and 2021, respectively.

The Agency has funds on deposit with the Diocese of Toledo Trust. The balance on deposit as of June 30, 2022 and 2021 is \$1,401,806 and \$1,076,789, respectively.

The Agency has investments held with the KeyBank National Association Trustee of the Catholic Foundation of the Diocese of Toledo. The balance of the investments as of June 30, 2022 and 2021 is \$1,032,882 and \$1,190,332, respectively.

The Agency has accounts receivable from the Diocese of Toledo of \$15,441 and \$10,818 as of June 30, 2022 and 2021, respectively.

The Agency has accounts payable to the Diocese of Toledo of approximately \$-0- and \$11,500 as of June 30, 2022 and 2021, respectively.

The Agency has accounts payable to the Diocese of Toledo Trust of approximately \$-0- and \$1,800 as of June 30, 2022 and 2021.

# CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

## Notes to Financial Statements

June 30, 2022 and 2021

### Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30:

	2022	2021
Subject to expenditure for specified purposes:		
Food and shelter	\$ 1,501,484	\$ 1,233,253
Other	7,229	20,950
Subject to passage of time		
Foos Estate	63,562	84,749
<b>Total Assets with Donor Restrictions</b>	<b>\$ 1,572,275</b>	<b>\$ 1,338,952</b>

Net assets were released from restrictions as follows for the years ended June 30:

	2022	2021
Program restrictions accomplished:		
Food and shelter	\$ 1,953,883	\$ 1,598,751
Elderly	377,655	396,794
Other	191,023	176,038
<b>Total Net Assets Released from Donor Restrictions</b>	<b>\$ 2,522,561</b>	<b>\$ 2,171,583</b>

### In-Kind Contributions

The Organization receives various forms of gifts-in-kind (GIK) including food, clothing, hygiene rent and other miscellaneous items. GIK are reported as contributions at their estimated fair value as of the date of the contribution. GIK are valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor. Donated GIK are not sold and are only distributed for program use.

# CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

## Notes to Financial Statements June 30, 2022 and 2021

### In-Kind Contributions (continued)

Specific information related to contributions of non-financial assets are as follows for the years ended June 30:

Non-financial Contributions Category	Type of Contributions for Beneficiaries	Valuation Method	2022	2021
Food	Donated food and related products	\$1.01 per pound of donated food	<b>\$ 412,871</b>	\$ 425,008
Clothing	Donated clothing	\$0.20 per pound of clothing donated	<b>31,566</b>	21,954
Hygiene	Donated hygiene items	\$1.01 per pound of donated hygiene items	<b>16,941</b>	9,809
Rent	Donated rent	Fair value over amounts presently paid by Agency	<b>36,507</b>	44,184
Supplies	Donated supplies	Fair market value of identical or similar items	<b>7,614</b>	5,559
Other/miscellaneous	Donated other items such as furniture and gift cards	Fair market value of identical or similar items or face value	<b>91,873</b>	130,690
<b>Total</b>			<b><u>\$ 597,372</u></b>	<b><u>\$ 637,204</u></b>

### Paycheck Protection Program Loan Forgiveness

In connection with the Paycheck Protection Loan Program under the Coronavirus Aid, Relief and Economic Security Act (CARES Act), in April 2020, the Agency was approved for a term note which allows for available funds of \$297,600. The term note charged interest at a fixed rate of 1.00%. The original repayment terms included principal and interest payments of \$16,748 beginning in November 2020 through April 2022. The Agency has applied for forgiveness of the loan, and the entire principal balance and interest were forgiven in March 2021. The forgiveness income has been recorded as gain on forgiveness of PPP loan in the accompanying statement of activities and totaled \$300,274 for the year ended June 30, 2021.

### Subsequent Events – Date of Management’s Evaluation

The Organization evaluated subsequent events through the date of the Independent Auditor’s Report, the date on which the financial statements were available to be issued.