

• Financial Statements

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

• June 30, 2021 and 2020



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

Independent Auditor's Report

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities Diocese of Toledo, Inc. as of June 30, 2021 and 2020 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

GBQ Partners LLC

Sylvania, Ohio
November 18, 2021

CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

Statements of Financial Position

June 30, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 2,228,462	\$ 1,501,531
Grants and contracts receivable	221,716	215,178
Accounts receivable	78,855	68,384
Prepaid expenses	24,871	22,774
Investments	1,190,332	921,473
Property and equipment - net of accumulated depreciation of \$633,803 and \$597,218	<u>275,176</u>	<u>220,990</u>
TOTAL ASSETS	<u>\$ 4,019,412</u>	<u>\$ 2,950,330</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 128,603	\$ 60,098
Accrued wages and vacation	132,654	95,788
Deferred revenue	107,681	77,249
Note payable	-	297,600
Total liabilities	<u>368,938</u>	<u>530,735</u>
Net Assets		
Without donor restrictions:		
Undesignated	2,081,975	1,342,574
Board designated	229,547	229,547
With donor restrictions	<u>1,338,952</u>	<u>847,474</u>
Total net assets	<u>3,650,474</u>	<u>2,419,595</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,019,412</u>	<u>\$ 2,950,330</u>

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
Revenue and Support			
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	2,166,759	745,878	2,912,637
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
Expenses			
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
Net Assets - Beginning of Year	1,572,121	847,474	2,419,595
Net Assets - End of Year	\$ 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 Activities
For the Year Ended June 30, 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Diocesan allocation, support and Toledo Catholic Charities Corp.	\$ 867,124	\$ -	\$ 867,124
Grants and contracts:			
United Way Agencies	-	159,157	159,157
Federal grants	-	567,112	567,112
State and local grants	-	554,799	554,799
Foundations	-	639,911	639,911
Program service fees	45,155	-	45,155
Contributions, legacies and bequests	1,511,770	707,456	2,219,226
Investment income	30,408	-	30,408
Other	114,570	-	114,570
Net assets released from restrictions	2,502,751	(2,502,751)	-
Total revenue and support	5,071,778	125,684	5,197,462
Expenses			
Program services:			
Food and shelter	3,079,146	-	3,079,146
Elderly	647,045	-	647,045
Other	575,885	-	575,885
Total program expenses	4,302,076	-	4,302,076
Supporting services:			
Management and general	218,732	-	218,732
Fundraising	379,322	-	379,322
Total supporting services	598,054	-	598,054
Total expenses	4,900,130	-	4,900,130
Change in net assets	171,648	125,684	297,332
Net Assets - Beginning of Year	1,400,473	721,790	2,122,263
Net Assets - End of Year	\$ 1,572,121	\$ 847,474	\$ 2,419,595

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			Total Program Services	Supporting Services		Total
	Food and Shelter	Elderly	Other		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
Total Functional Expenses	\$ 3,190,917	\$ 649,722	\$ 495,178	\$ 4,335,817	\$ 403,978	\$ 219,735	\$ 4,959,530

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, 2020

	Program Services			Total Program Services	Supporting Services		Total
	Food and Shelter	Elderly	Other		Management and General	Fundraising	
Salaries	\$ 1,067,316	\$ 382,979	\$ 269,289	\$ 1,719,584	\$ 132,018	\$ 132,324	\$ 1,983,926
Specific assistance to individuals	1,302,683	11,292	55,360	1,369,335	18	-	1,369,353
Employee benefits	228,091	113,970	64,315	406,376	30,523	32,133	469,032
Contract services and professional fees	67,572	12,645	30,073	110,290	13,994	137,744	262,028
Occupancy	120,840	39,954	49,959	210,753	13,672	11,304	235,729
Payroll taxes	78,740	27,720	19,095	125,555	9,474	9,705	144,734
Maintenance, repairs, and equipment rental	67,152	5,367	8,835	81,354	4,238	-	85,592
Supplies	42,205	7,844	14,171	64,220	4,146	6,475	74,841
Agency training and meetings	15,185	4,031	38,719	57,935	2,476	626	61,037
Travel	9,892	24,244	11,181	45,317	1,033	590	46,940
Telephone	25,098	9,779	5,060	39,937	2,959	1,980	44,876
Depreciation	39,873	993	1,398	42,264	1,198	-	43,462
Special events	1,600	-	3,780	5,380	-	36,874	42,254
Miscellaneous	2,149	741	733	3,623	890	5,606	10,119
Postage and shipping	3,498	925	575	4,998	841	3,708	9,547
Dues	4,807	1,047	2,103	7,957	900	5	8,862
Printing, publications, and subscriptions	2,445	3,514	1,239	7,198	352	248	7,798
Total functional expenses before pension termination expense	<u>3,079,146</u>	<u>647,045</u>	<u>575,885</u>	<u>4,302,076</u>	<u>218,732</u>	<u>379,322</u>	<u>4,900,130</u>
Total Functional Expenses	\$ 3,079,146	\$ 647,045	\$ 575,885	\$ 4,302,076	\$ 218,732	\$ 379,322	\$ 4,900,130

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, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 1,230,879	\$ 297,332
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	44,589	43,462
Net realized and unrealized (gain) loss on investments	(228,925)	57,403
Gain on forgiveness of PPP loan	(297,600)	-
Changes in operating assets and liabilities that increase (decrease) cash flows:		
Grants and contracts receivable	(6,538)	20,700
Accounts receivable	(10,471)	(1,826)
Prepaid expenses	(2,097)	7,929
Accounts payable	68,505	(65,962)
Accrued wages and vacation	36,866	(22,947)
Deferred revenue	30,432	(38,368)
Total adjustments	(365,239)	391
Net cash provided by operating activities	865,640	297,723
Cash Flows from Investing Activities		
Purchase of property and equipment	(98,775)	(22,549)
Proceeds from sale of investments	20,560	53,417
Purchase of investments	(60,494)	(108,849)
Net cash used in investing activities	(138,709)	(77,981)
Cash Flows from Financing Activities		
Loan proceeds	-	297,600
Net cash provided by financing activities	-	297,600
Increase in cash and cash equivalents	726,931	517,342
Cash and Cash Equivalents - Beginning of Year	1,501,531	984,189
Cash and Cash Equivalents - End of Year	\$ 2,228,462	\$ 1,501,531

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

CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

Notes to Financial Statements

June 30, 2021 and 2020

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 generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during each reporting period. 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, 2021 and 2020

Summary of Significant Accounting Policies (continued)

Depository Credit Risk

The Agency has \$1,076,789 and \$1,061,288 at June 30, 2021 and 2020, 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 \$206,600 and \$-0- at June 30, 2021 and 2020, 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, 2021 and 2020

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. Total in-kind contributions for donated food were \$637,204 and \$634,376 for the years ended June 30, 2021 and 2020, respectively.

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, 2021 and 2020

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, 2021 and 2020 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, 2021 and 2020

Change in Accounting Principle

Adoption of ASU 2018-13

Effective July 1, 2020, the Agency adopted the provisions of the FASB issued Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820) Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. FASB issued the amendments in this Update to improve the effectiveness of disclosures about fair value measurements in accordance with ASC 820, Fair Value Measurement. Among the key provisions, disclosures of transfers between Level 1 and Level 2 of the fair value hierarchy are no longer required and a Level 3 rollforward disclosure is no longer required for private companies. Adoption of the standards was applied retrospectively. Adoption of the standard did not have a material effect on the Agency's financial statements.

Adoption of ASC 606

Effective July 1, 2020, the Agency adopted the provisions and expanded disclosure requirements described in Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers, also referred to as Accounting Standards Codification (ASC) Topic 606. In accordance with ASC 606, revenue is recognized when (or as) performance obligations are satisfied. The amount of revenue recognized reflects the consideration to which the Agency expects to be entitled to receive in exchange for promised goods and services that comprise a performance obligation. In addition, ASC 606 requires disclosures of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Agency adopted the standard using the modified retrospective method applied to contracts that were not completed as of the initial date of adoption. Accordingly, the results of reporting periods beginning after July 1, 2020 are presented under ASC 606, while prior period amounts were not adjusted and continue to be reported under the accounting standards in effect during those periods. The effect of the adoption of ASC 606 was not material to the accompanying financial statements.

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:

	2021	2020
Cash and cash equivalents	\$ 2,228,462	\$ 1,501,531
Grants and contracts receivable	221,716	215,178
Accounts receivable	78,855	68,384
Total financial assets available to meet cash needs for general expenditures within one year	\$ 2,529,033	\$ 1,785,093

CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

Notes to Financial Statements

June 30, 2021 and 2020

Liquidity and Availability of Financial Assets (continued)

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

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, 2021 and 2020. 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.

The Agency leased its Block Garage facilities under a one year lease at no cost to the Agency which expired June 30, 2020. In-kind rent for this lease amounted to approximately \$4,200 for the year ended June 30, 2020. All expenses of operating and maintaining these facilities are paid by the Agency.

Total rent expense amounted to approximately \$183,300 and \$173,100 (including in-kind rent) for the years ended June 30, 2021 and 2020, respectively, of which approximately \$66,000 relates to the lease with the Diocese of Toledo.

Future minimum rental commitments under noncancelable operating lease agreements, as of June 30, 2021, are as follows:

Year Ending	Amount
2022	\$ 71,800
2023	69,500
2024	62,300
2025	20,100
Total	\$ 223,700

The Agency entered into subleases during 2019 which expire at varying dates through 2021. The Agency entered into new subleases during 2021 which expire at varying dates through 2022. The Agency also subleases space under a month-to-month lease. The total rental income amounted to approximately \$35,400 and \$35,200 for the years ended June 30, 2021 and 2020, respectively.

Future minimum lease payments of to be received under non-cancelable sublease agreements at June 30, 2021 totaling \$4,650 are receivable in 2022.

CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

Notes to Financial Statements

June 30, 2021 and 2020

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, 2021 and 2020 amounted to approximately \$49,000 and \$47,500, respectively.

Unemployment Compensation

The Agency has elected to be self-insured under the Ohio Unemployment Compensation Act. Unemployment compensation claims of approximately \$9,400 and \$400 were paid during the years ended June 30, 2021 and 2020, 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, 2021 and 2020

Investments

The investments at June 30 are summarized as follows:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Common collective trust	\$ 922,445	\$ 1,190,332	\$ 882,609	\$ 921,473
Total	\$ 922,445	\$ 1,190,332	\$ 882,609	\$ 921,473

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

	2021	2020
Net realized and unrealized gains (losses) on investments	\$ 228,925	\$(57,403)
Interest and dividends	48,296	87,811
Net	\$ 277,221	\$ 30,408

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, 2021 and 2020

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, 2021 and 2020.

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, 2021 and 2020

Fair Value Measurements 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

Fair Value Measurement at June 30, 2020:

	Level 1	Level 2	Level 3	Total
Common collective trust	\$ -	\$ 921,473	\$ -	\$ 921,473
Total investments at fair value	\$ -	\$ 921,473	\$ -	\$ 921,473

CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

Notes to Financial Statements

June 30, 2021 and 2020

Property and Equipment

Property and equipment consist of the following at June 30:

	2021	2020
Land and improvements	\$ 30,481	\$ 26,996
Building and improvements	686,069	636,312
Furniture and fixtures	55,705	51,500
Equipment	125,601	92,277
Vehicles	11,123	11,123
Total property and equipment	908,979	818,208
Less: accumulated depreciation	(633,803)	(597,218)
Net property and equipment	\$ 275,176	\$ 220,990

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, 2021 and 2020.

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, 2021 and 2020.

CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.
Notes to Financial Statements
June 30, 2021 and 2020

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 \$66,000 for each of the years ended June 30, 2021 and 2020

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 \$690,589 and \$867,124, for the years ended June 30, 2021 and 2020, 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 \$519,060 and \$467,137 for the years ended June 30, 2021 and 2020, respectively.

The Agency reimbursed the Diocese of Toledo for administrative fees totaling \$59,966 and \$122,746 for the years ended June 30, 2021 and 2020, respectively

The Agency has funds on deposit with the Diocese of Toledo Trust. The balance on deposit as of June 30, 2021 and 2020 is \$1,076,789 and \$1,061,288, 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, 2021 and 2020 is \$1,190,332 and \$921,473, respectively.

The Agency has accounts receivable from the Diocese of Toledo of \$10,818 and \$11,115 as of June 30, 2021 and 2020, respectively.

The Agency has accounts payable to the Diocese of Toledo of approximately \$11,500 and \$7,200 as of June 30, 2021 and 2020, respectively.

The Agency has accounts payable to the Diocese of Toledo Trust of approximately \$1,800 and \$300 as of June 30, 2021 and 2020.

CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

Notes to Financial Statements

June 30, 2021 and 2020

Net Assets with Donor Restrictions

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

	2021	2020
Subject to expenditure for specified purposes:		
Food and shelter	\$ 1,233,253	\$ 715,095
Other	20,950	26,443
Subject to passage of time		
Foos Estate	84,749	105,936
Total Assets with Donor Restrictions	\$ 1,338,952	\$ 847,474

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

	2021	2020
Program restrictions accomplished:		
Food and shelter	\$ 1,598,751	\$ 1,894,959
Elderly	396,794	430,314
Other	176,038	177,478
Total Net Assets Released from Donor Restrictions	\$ 2,171,583	\$ 2,502,751

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

Management has evaluated events and transactions from June 30, 2021 through November 18, 2021 for possible recognition or disclosure in these financial statements. This date is the date these financial statements were available to be issued. Management has concluded that there are no subsequent events that require recognition or disclosure.