

**CATHOLIC CHARITIES OF THE
DIOCESE OF GREENSBURG, PENNSYLVANIA**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

WITH

INDEPENDENT AUDITOR'S REPORT



MaherDuessel

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CATHOLIC CHARITIES OF THE DIOCESE OF GREENSBURG, PENNSYLVANIA

YEARS ENDED JUNE 30, 2021 AND 2020

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Independent Auditor's Report

**Board of Directors
Catholic Charities of the Diocese of
Greensburg, Pennsylvania**

We have audited the accompanying financial statements of Catholic Charities of the Diocese of Greensburg, Pennsylvania (Catholic Charities), 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 of Catholic Charities 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities 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.

Maher Duessel

Pittsburgh, Pennsylvania
October 26, 2021

**CATHOLIC CHARITIES OF THE
DIOCESE OF GREENSBURG, PENNSYLVANIA**

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	2021	2020
Assets		
<hr/>		
Current assets:		
Cash and cash equivalents in bank and on deposit:		
Checking	\$ 3,839	\$ 155,115
The Catholic Institute of Greensburg, Pennsylvania	44,393	44,164
	48,232	199,279
Total cash and cash equivalents in bank and on deposit		
Receivables:		
Due from contracted agencies	19,472	39,120
Investments:		
Certificate of deposit pledged	1,500	1,500
Due from other Diocesan entities	1,012,343	740,746
Total current assets	1,081,547	980,645
Noncurrent assets:		
Property, plant, and equipment:		
Equipment, furnishing, and improvements	320,250	320,250
Less accumulated depreciation	320,250	320,250
	-	-
Property, plant, and equipment - net		
Total Assets	\$ 1,081,547	\$ 980,645
Liabilities and Net Assets		
<hr/>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 33,631	\$ 13,441
Refundable advance	-	139,100
Total current liabilities	33,631	152,541
Net Assets:		
Without donor restrictions:		
Undesignated	545,453	366,746
Designated	301,546	231,357
Total without donor restrictions	846,999	598,103
With donor restrictions - purpose restrictions	200,917	230,001
Total Net Assets	1,047,916	828,104
Total Liabilities and Net Assets	\$ 1,081,547	\$ 980,645

See accompanying notes to financial statements.

**CATHOLIC CHARITIES OF THE
DIOCESE OF GREENSBURG, PENNSYLVANIA**

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Support and Revenues:		
Support:		
Diocese of Greensburg, Pennsylvania	\$ 378,251	\$ 378,251
United Way organizations	96,021	99,502
Family and Children Services Collection	91,411	138,374
Contributions and gifts	534,842	103,804
Total support	1,100,525	719,931
Revenues:		
Program service revenue:		
Adoption services	-	17,681
Counseling services	90,305	76,508
Pregnancy services	1,390	19,701
Special events, net of expense of \$0 and \$24,867, respectively	-	16,746
Investment and endowment income	171,041	165,273
Total revenues	262,736	295,909
Released from restrictions	222,764	108,311
	485,500	404,220
Total support and revenues	1,586,025	1,124,151
Expenses:		
Programs	1,138,287	998,982
Management and general	79,864	84,440
Fundraising	84,513	92,403
Total expenses	1,302,664	1,175,825
Transfer to other Diocesan entities	34,465	33,870
Change in net assets without donor restrictions	248,896	(85,544)
NET ASSETS WITH DONOR RESTRICTIONS:		
Revenues:		
Contributions	193,680	241,712
Net assets released from restrictions	(222,764)	(108,311)
Change in net assets with donor restrictions	(29,084)	133,401
Change in Net Assets	219,812	47,857
Net Assets:		
Beginning of year	828,104	780,247
End of year	\$ 1,047,916	\$ 828,104

See accompanying notes to financial statements.

**CATHOLIC CHARITIES OF THE
DIOCESE OF GREENSBURG, PENNSYLVANIA**

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Programs					Total	Management and General	Fundraising	Total
	Counseling	Information and Referral	Adoption	Pregnancy	Parish Social Ministry				
Assistance to individuals	\$ -	\$ 394,535	\$ 25,285	\$ 1,348	\$ -	\$ 421,168	\$ -	\$ -	\$ 421,168
Salaries and wages	228,979	169,357	-	18,548	-	416,884	48,053	50,417	515,354
Pension and 403(b)	27,013	17,460	-	624	-	45,097	4,638	4,591	54,326
Other employee benefits	48,198	62,640	-	752	-	111,590	7,843	9,952	129,385
Payroll taxes	16,704	11,745	-	1,337	-	29,786	2,896	3,748	36,430
Legal	37	37	-	11	-	85	11	11	107
Accounting	423	362	-	114	-	899	126	126	1,151
Other fees	11,177	7,966	-	2,220	-	21,363	2,358	2,260	25,981
Office expenses	7,090	8,199	288	2,037	-	17,614	2,995	4,228	24,837
Information technology	4,838	4,838	-	1,380	-	11,056	1,380	1,380	13,816
Occupancy	20,134	19,918	-	5,738	-	45,790	6,001	5,772	57,563
Travel	227	-	-	-	-	227	1,352	-	1,579
Conferences and meetings	594	759	-	93	-	1,446	283	100	1,829
Insurance	6,725	6,644	-	1,913	-	15,282	1,928	1,928	19,138
Total expenses	\$ 372,139	\$ 704,460	\$ 25,573	\$ 36,115	\$ -	\$ 1,138,287	\$ 79,864	\$ 84,513	\$ 1,302,664

See accompanying notes to financial statements.

**CATHOLIC CHARITIES OF THE
DIOCESE OF GREENSBURG, PENNSYLVANIA**

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Programs					Total	Management and General	Fundraising	Total
	Counseling	Information and Referral	Adoption	Pregnancy	Parish Social Ministry				
Assistance to individuals	\$ 203	\$ 165,906	\$ 6,230	\$ 14,002	\$ 1	\$ 186,342	\$ -	\$ -	\$ 186,342
Salaries and wages	234,614	181,342	35,678	29,820	-	481,454	55,766	57,691	594,911
Pension and 403(b)	30,807	18,842	1,341	1,030	-	52,020	4,872	4,810	61,702
Other employee benefits	52,953	58,219	12,306	3,423	-	126,901	7,310	9,201	143,412
Payroll taxes	16,468	11,741	2,478	2,169	-	32,856	2,754	3,843	39,453
Legal	-	-	-	-	-	-	-	-	-
Accounting	344	287	217	90	-	938	103	103	1,144
Other fees	7,041	4,229	2,971	1,342	-	15,583	1,556	4,926	22,065
Office expenses	5,913	6,527	5,604	1,519	-	19,563	1,737	3,115	24,415
Information technology	5,285	4,425	3,353	1,421	-	14,484	1,587	1,587	17,658
Occupancy	14,543	12,124	9,212	3,882	-	39,761	5,462	4,363	49,586
Travel	6,286	462	555	2	-	7,305	747	2	8,054
Conferences and meetings	1,076	1,023	267	114	-	2,480	429	645	3,554
Insurance	7,058	5,883	4,471	1,883	-	19,295	2,117	2,117	23,529
Total expenses	\$ 382,591	\$ 471,010	\$ 84,683	\$ 60,697	\$ 1	\$ 998,982	\$ 84,440	\$ 92,403	\$ 1,175,825

See accompanying notes to financial statements.

**CATHOLIC CHARITIES OF THE
DIOCESE OF GREENSBURG, PENNSYLVANIA**

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash Flows From Operating Activities:		
Change in net assets	\$ 219,812	\$ 47,857
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Change in operating assets and liabilities:		
Accounts receivable	19,648	13,708
Accounts payable and accrued expenses	20,190	(5,154)
Refundable advance	(139,100)	139,100
Total adjustments	(99,262)	147,654
Net cash provided (used) by operating activities	120,550	195,511
Cash Flows From Investing Activities:		
Decrease (increase) in due from other Diocesan entities	(271,597)	(54,393)
Net Increase (Decrease) in Cash and Cash Equivalents	(151,047)	141,118
Cash and Cash Equivalents:		
Beginning of year	199,279	58,161
End of year	\$ 48,232	\$ 199,279

See accompanying notes to financial statements.

CATHOLIC CHARITIES OF THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

1. Summary of Significant Accounting Policies

Organization

Catholic Charities of the Diocese of Greensburg, Pennsylvania (Catholic Charities) is a not-for-profit, tax-exempt corporation incorporated under the laws of the Commonwealth of Pennsylvania on August 27, 1954. Catholic Charities provides a broad spectrum of counseling services and family life services to all residents of the Diocese of Greensburg (Diocese).

Catholic Charities, rooted in the Gospel and social teachings of the Church, is the primary social service agency of the Diocese. Its mission is to serve the human needs of individuals and families, regardless of their religious affiliation, and to provide leadership in building collaborative efforts with parishes and communities in addressing these needs.

The goal of Catholic Charities is to apply the Gospel command to love to the social systems, structures, and institutions of society. Catholic Charities exists to assist the Bishop in his work of protecting and supporting the dignity of the human person. Guided by the rich tradition of the Roman Catholic Church's social teachings, Catholic Charities is called upon to be a beacon to society in God's name by identifying social as well as spiritual needs within the community and demonstrating the appropriate Christian response.

Social issues and needs are addressed through advocacy, convening, and direct service. This models the approach adopted by Catholic Charities USA at the national level. Any social concern or issue that comes to the attention of the Diocese can be addressed in one or all of these areas.

In order to function effectively in this changing social environment, Catholic Charities will convene groups around emerging social concerns, advocacy for change, empowering others to help themselves, and where necessary, providing direct services to the needy.

As a not-for-profit corporation, Catholic Charities relies on grants from various organizations. Significant concentrations of total support and revenues without donor restrictions for the years ended June 30, 2021 and 2020, respectively, include the following: the Diocese 24% and 34% and Family and Children Services Collection 6% and 12%.

CATHOLIC CHARITIES OF THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

Basis of Accounting

The financial statements of Catholic Charities include the accounts of its administrative offices and affiliated offices from the various locations within the four counties of the Diocese. The financial statements are prepared using the accrual basis of accounting. Accordingly, revenues and support are recorded when earned and expenses are recognized when the liabilities are incurred.

Allowance for Doubtful Accounts

Management of the Catholic Charities holds the opinion that all accounts receivable are materially collectible. Accordingly, no allowance for doubtful accounts is included in the financial statements.

Due from Other Diocesan Entities

The Diocese holds a portion of Catholic Charities' cash in their operating account. This amount is reported as due from other Diocesan Entities on the financial statements of Catholic Charities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Equipment

Fixed assets are stated at historical cost. Depreciation of office furnishings is provided over the estimated useful lives of the respective assets on a straight-line basis.

Accounting for Net Assets

Catholic Charities reports unconditional contributions as without donor restrictions unless the donor explicitly stipulates when or how the donated assets must be used. Gifts of such assets with explicit donor restrictions that specify when or how the assets are to be used

CATHOLIC CHARITIES OF THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

and gifts of cash and other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Catholic Charities reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Donor restrictions that are satisfied result in net assets with donor restrictions being reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

A portion of the net assets without donor restrictions of Catholic Charities is designated by its Board of Directors as outlined in the following table:

	2021	2020
Special programs for material assistance	\$ 170,737	\$ 100,795
Unemployment fund	50,411	50,164
Ministry for seniors	80,398	80,398
	\$ 301,546	\$ 231,357

Net assets with donor restrictions are available for the following purposes:

	2021	2020
Rosemarie Fund	\$ 72,657	\$ 72,043
Pregnancy programs	5,404	5,255
Disaster Relief	4,862	4,357
Counseling program	2,214	1,159
Fuel Fund	1,909	2,553
Working Poor Fund	-	418
Elijah Fund	100	100
COVID-19 Relief	14,572	42,417
Salt and Light event	99,199	101,699
	\$ 200,917	\$ 230,001

The 2020 Communities of Salt and Light Dinner did not take place due to the COVID-19 pandemic. Catholic Charities plans on applying the net proceeds collected from the 2020 event to the 2022 event. Those net proceeds have been recorded as net assets with donor

CATHOLIC CHARITIES OF THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

restriction at June 30, 2021 and 2020. No funds were collected and an event did not take place during the year ended June 30, 2021.

Revenue and Revenue Recognition

Contributions consist of cash, securities or other assets, unconditional promises to give, or notifications of beneficial interests received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Amounts received are recognized as revenue when Catholic Charities has incurred expenses in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenses are reported as refundable advances on the statements of financial position. As of June 30, 2021 and 2020, Catholic Charities has recorded refundable advances totaling \$0 and \$139,100, respectively. The refundable advance recorded as of June 30, 2020 related to its Small Business Administration loan that was received in April 2020 through the federal government's Paycheck Protection Program (PPP). The loan was forgiven during the year ending June 30, 2021 and is reflected as revenue in fiscal year 2021.

Program service revenues from adoption, counseling, and pregnancy services are reported at the amount that reflects the consideration to which Catholic Charities expects to be entitled in exchange for providing services. Generally, Catholic Charities receives payment at the time of providing services. Revenue is recognized as the performance obligations are satisfied when the services are provided. Catholic Charities does not believe it is required to provide additional services related to the revenue being recognized. Catholic Charities determines the transaction price based on a negotiated rate per unit of service.

There were no revenue processes not completed at the date of the initial application of the Financial Accounting Standards Board Accounting Standards Codification Topic 606, "*Revenue from Contracts with Customers*." There have been no significant judgements related to the amount or timing of revenue from these transactions, and there are no impairment losses to recognize.

Statements of Cash Flows

Cash and cash equivalents include currency on hand and demand deposits with financial institutions and short-term, highly liquid investments whose maturity is one year or less at the time of purchase.

CATHOLIC CHARITIES OF THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

Income Taxes

Catholic Charities is listed in the Official Catholic Directory (OCD). All organizations listed in the OCD are exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. In accordance with accounting principles generally accepted in the United States of America, Catholic Charities accounts for uncertain tax positions, if any, as required.

Expense Allocation

Expenses directly related to a specific program are charged to that program. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include expenses reported under the staff and operational overhead categories, which are allocated based on estimates of time and effort.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

Adopted Accounting Standard

The provisions of this Standard Update have been adopted and incorporated into these financial statements.

FASB Accounting Standards Codification Topic 606, "*Revenue from Contracts with Customers*," as amended, provides guidance for revenue recognition related to contracts involving the transfer of promised goods or services to customers and the related disclosures. The implementation of these amendments was applied retrospectively to all periods presented, with no effect on net assets. Implementation resulted in financial statement disclosure modifications only.

CATHOLIC CHARITIES OF THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

2. Leases

Catholic Charities leases properties over varying terms to meet their needs. At June 30, 2021 and 2020, five premises were being leased at an annual cost of \$16,100 and \$16,500, respectively. All but one of the leases were terminated as of June 30, 2021. The monthly rent on the one remaining location is \$200.

3. Unemployment Benefits

Catholic Charities has elected to self-insure unemployment compensation benefits. Catholic Charities was required to assign all right, title, and interest in the certificate of deposit pledged to the Pennsylvania Unemployment Compensation Fund as security for any unpaid tax obligation.

4. Pension Benefits

Catholic Charities participates in the defined benefit pension plan (Plan) provided to employees by the Diocese. The Plan was available to full-time employees who have completed at least two years of service. Annual pension expense paid to the Diocese amounted to \$17,252 and \$18,027 for the years ended June 30, 2021 and 2020, respectively.

As of July 1, 2015, the Diocese froze the Plan described above and enacted a significant enhancement to its existing 403(b) defined contribution plan. The new plan has the same eligibility requirements as the Plan above but the defined contribution will be based on a combination of the employee's age plus years of service, as calculated each July 1.

Each year of the employee's age for the 403(b) plan is equal to one point, as is each year of service. Employees with less than 55 total points will receive a contribution of 2% of their pay into the plan. Employees with 55 – 79 points will receive a contribution of 4% of their pay. Employees with 80 and over points will receive a contribution of 6% of their pay. Also, for the period July 1, 2015 through June 30, 2020, employees that are at least 50 years old and have five years of service as of July 1, 2015, will receive an additional transition benefit of 2%. Annual expense paid to the Diocese amounted to \$18,017 and \$26,677 for the years ended June 30, 2021 and 2020, respectively.

CATHOLIC CHARITIES OF THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

5. Related Party Transactions

Due to their affiliation with the Diocese, Catholic Charities receives financial and management support. Although Catholic Charities pays its utilities and an allocation for maintenance and insurance, rent is not charged for office space provided by the Diocese.

6. Fundraising Events

Catholic Charities schedules several events during the year for fundraising purposes. The Communities of Salt and Light Dinner, Golf Event, and Purse Bash did not take place in fiscal year ended June 30, 2021 and the Communities of Salt and Light Dinner did not take place in fiscal year ended June 30, 2020 due to the COVID-19 pandemic. Fundraising events are detailed as follows for the years ended June 30:

	June 30,	
	2021	2020
Golf Event	\$ -	\$ 30,525
Purse Bash	-	11,088
	-	41,613
Less cost of events	-	24,867
Total	\$ -	\$ 16,746

7. Commitments and Contingencies

The Diocese of Greensburg announced a Comprehensive Reconciliation Initiative (Initiative) in February 2019, to help survivors of clergy sexual abuse, which included the adoption of a Survivors' Compensation Program. Although the Survivors' Compensation Program has since closed, the Initiative continues and is ongoing. The Initiative has resulted, to date, in settlements with approximately 75 survivors, totaling in excess of \$6 million. The Diocese of Greensburg Self-Insurance Fund is absorbing the expense of this Initiative, and because Catholic Charities is a separate corporate entity, its assets would not be subject to the reach of the Diocese of Greensburg's general creditors.

CATHOLIC CHARITIES OF THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

8. Liquidity and Availability

Catholic Charities manages its liquid resources by focusing on fundraising efforts to ensure the entity has adequate contributions and grants to cover the programs that are being conducted. Catholic Charities prepares very detailed budgets and has been very active in fiscal management to ensure the entity remains liquid.

Endowment funds consist of donor-restricted endowments. Donor-restricted endowment funds are not available for general use.

Board-designated funds are subject to annual appropriation to the operating budget, if and when approved annually by the Board of Directors as part of its budget process.

As part of Catholic Charities' liquidity management, Catholic Charities invests its cash in excess of daily requirements in money market funds through its cash management plan with the Diocese. Catholic Charities manages its cash and money market funds to ensure that sufficient cash is available to cover operating expenditures and liabilities as they come due. This includes, among other items, material assistance from program initiatives, which may fluctuate greatly between years.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2021	2020
Financial assets, at year-end	\$ 1,081,547	\$ 980,645
Less:		
Board-designated funds	301,546	231,357
Donor-imposed restrictions:		
Restricted by donor with purpose restrictions	200,917	230,001
Financial assets available to meet cash needs for general expenditures within one year	\$ 579,084	\$ 519,287