

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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

WITH

INDEPENDENT AUDITOR'S REPORT



MaherDuessel

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CATHOLIC CHARITIES OF THE DIOCESE OF GREENSBURG, PENNSYLVANIA

YEARS ENDED JUNE 30, 2023 AND 2022

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Independent Auditor's Report

Board of Trustees

Catholic Charities of the Diocese of Greensburg, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

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, 2023 and 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Catholic Charities, 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 Catholic Charities' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Catholic Charities' 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 Catholic Charities' 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.

Maher Duessel

Pittsburgh, Pennsylvania
October 27, 2023

CATHOLIC CHARITIES OF THE DIOCESE OF GREENSBURG, PENNSYLVANIA

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	2023	2022
Assets		
<hr/>		
Current assets:		
Cash and cash equivalents in bank and on deposit:		
Checking	\$ 106,627	\$ 27,199
Money market funds	1,181,379	1,100,887
The Catholic Institute of Greensburg, Pennsylvania	45,160	44,642
	1,333,166	1,172,728
Total cash and cash equivalents in bank and on deposit		
Receivables:		
Due from contracted agencies	10,248	12,796
Investments:		
Certificate of deposit pledged	1,500	1,500
Due from other Diocesan entities	20,940	-
	1,365,854	1,187,024
Total current assets		
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	\$ 1,365,854	\$ 1,187,024
Liabilities and Net Assets		
<hr/>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 50,484	\$ 35,091
Due to other Diocesan entities	-	8,516
	50,484	43,607
Total current liabilities		
Net Assets:		
Without donor restrictions:		
Undesignated	810,690	668,315
Designated	369,588	342,591
	1,180,278	1,010,906
Total without donor restrictions		
With donor restrictions - purpose restrictions	135,092	132,511
	1,315,370	1,143,417
Total Net Assets		
	1,365,854	1,187,024
Total Liabilities and Net Assets	\$ 1,365,854	\$ 1,187,024

See accompanying notes to financial statements.

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

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Support and Revenues:		
Support:		
Diocese of Greensburg, Pennsylvania	\$ 378,251	\$ 378,251
United Way organizations	80,054	101,114
Family and Children Services Collection	101,268	92,341
Contributions and gifts	116,576	438,707
Total support	676,149	1,010,413
Revenues:		
Program service revenue:		
Counseling services	28,823	67,570
Pregnancy services	949	1,008
Special events, net of expense of \$115,905 and \$90,123, respectively	141,351	88,536
Investment and endowment income	213,902	204,247
Total revenues	385,025	361,361
Released from restrictions	194,608	332,038
	579,633	693,399
Total support and revenues	1,255,782	1,703,812
Expenses:		
Programs	773,680	992,009
Management and general	180,011	125,573
Fundraising	96,018	90,374
Total expenses	1,049,709	1,207,956
Transfer to other Diocesan entities	36,701	331,949
Change in net assets without donor restrictions	169,372	163,907
NET ASSETS WITH DONOR RESTRICTIONS:		
Revenues:		
Contributions	197,189	263,632
Net assets released from restrictions	(194,608)	(332,038)
Change in net assets with donor restrictions	2,581	(68,406)
Change in Net Assets	171,953	95,501
Net Assets:		
Beginning of year	1,143,417	1,047,916
End of year	\$ 1,315,370	\$ 1,143,417

See accompanying notes to financial statements.

CATHOLIC CHARITIES OF THE DIOCESE OF GREENSBURG, PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	Programs				Management and General	Fundraising	Total
	Counseling	Information and Referral	Pregnancy	Total			
Assistance to individuals	\$ 684	\$ 255,795	\$ 46,730	\$ 303,209	\$ -	\$ -	\$ 303,209
Salaries and wages	99,697	138,818	14,202	252,717	124,648	56,145	433,510
Pension and 403(b)	6,923	15,284	672	22,879	5,512	6,071	34,462
Other employee benefits	21,454	38,244	15	59,713	19,116	10,787	89,616
Payroll taxes	7,245	10,001	1,086	18,332	10,204	4,172	32,708
Accounting	804	804	230	1,838	230	230	2,298
Other fees	11,463	11,139	2,815	25,417	3,557	2,815	31,789
Office expenses	6,887	7,226	2,791	16,904	4,847	6,653	28,404
Information technology	6,685	6,685	1,914	15,284	1,914	1,928	19,126
Occupancy	16,746	16,746	4,784	38,276	4,784	4,784	47,844
Travel	16	390	343	749	2,335	-	3,084
Conferences and meetings	1,075	1,061	193	2,329	861	430	3,620
Insurance	7,015	7,015	2,003	16,033	2,003	2,003	20,039
Total expenses	\$ 186,694	\$ 509,208	\$ 77,778	\$ 773,680	\$ 180,011	\$ 96,018	\$ 1,049,709

See accompanying notes to financial statements.

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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Programs				Management and General	Fundraising	Total
	Counseling	Information and Referral	Pregnancy	Total			
Assistance to individuals	\$ -	\$ 367,257	\$ 1,000	\$ 368,257	\$ -	\$ -	\$ 368,257
Salaries and wages	169,174	159,562	17,157	345,893	79,643	55,055	480,591
Pension and 403(b)	19,686	17,392	626	37,704	6,873	4,912	49,489
Other employee benefits	43,620	63,722	613	107,955	13,331	10,748	132,034
Payroll taxes	12,207	10,853	1,240	24,300	6,169	4,087	34,556
Accounting	733	733	211	1,677	211	211	2,099
Other fees	6,693	7,047	1,914	15,654	2,872	1,914	20,440
Office expenses	5,616	7,011	1,697	14,324	3,731	4,078	22,133
Information technology	8,112	8,112	2,336	18,560	2,336	2,320	23,216
Occupancy	17,531	17,537	5,012	40,080	5,009	5,013	50,102
Travel	421	511	4	936	2,650	4	3,590
Conferences and meetings	825	1,246	236	2,307	952	236	3,495
Insurance	6,283	6,283	1,796	14,362	1,796	1,796	17,954
Total expenses	\$ 290,901	\$ 667,266	\$ 33,842	\$ 992,009	\$ 125,573	\$ 90,374	\$ 1,207,956

See accompanying notes to financial statements.

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

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash Flows From Operating Activities:		
Change in net assets	\$ 171,953	\$ 95,501
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Change in operating assets and liabilities:		
Accounts receivable	2,548	6,676
Accounts payable and accrued expenses	15,393	1,460
Due to other Diocesan entities	(8,516)	8,516
Total adjustments	9,425	16,652
Net cash provided by (used in) by operating activities	181,378	112,153
Cash Flows From Investing Activities:		
Decrease (increase) in due from other Diocesan entities	(20,940)	1,012,343
Net Increase (Decrease) in Cash and Cash Equivalents	160,438	1,124,496
Cash and Cash Equivalents:		
Beginning of year	1,172,728	48,232
End of year	\$ 1,333,166	\$ 1,172,728

See accompanying notes to financial statements.

CATHOLIC CHARITIES OF THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

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. A significant concentration of total support and revenues without donor restrictions for the years ended June 30, 2023 and 2022, respectively, was provided by the Diocese, at 30% and 22%.

CATHOLIC CHARITIES OF THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

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.

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 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.

CATHOLIC CHARITIES OF THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

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

	2023	2022
Special programs for material assistance	\$ 238,013	\$ 211,533
Unemployment fund	51,177	50,660
Ministry for seniors	80,398	80,398
	\$ 369,588	\$ 342,591

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

	2023	2022
Rosemarie Fund	\$ 74,282	\$ 70,557
Pregnancy programs	8,428	8,166
Disaster Relief	4,330	10,610
Counseling program	10,024	10,024
Penn State United Way	10,000	-
Prolife programs	-	10,000
Elijah Fund	-	100
COVID-19 Relief	28,028	23,054
	\$ 135,092	\$ 132,511

Revenue and Revenue Recognition

Contributions consist of cash, securities or other assets, unconditional promises to give, or notifications of beneficial interest 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. There were no conditional promises to give at June 30, 2023 and 2022.

Program service revenues from 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

CATHOLIC CHARITIES OF THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

additional services related to the revenue being recognized. Catholic Charities determines the transaction price based on a negotiated rate per unit of service.

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.

At year-end, and at various times throughout the years, cash balances were maintained in excess of the federally insured limits for the years ended June 30, 2023 and 2022. The deposits were held at various financial institutions.

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.

CATHOLIC CHARITIES OF THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

Adopted Accounting Standard

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

ASU 2016-02, "*Leases (Topic 842)*." These amendments and related amendments require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures are required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. This statement had no impact on Catholic Charities' financial statements for the years ended June 30, 2023 and 2022.

2. 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.

3. 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 had completed at least two years of service. Annual pension expense paid to the Diocese amounted to \$20,493 and \$16,309 for the years ended June 30, 2023 and 2022, 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

CATHOLIC CHARITIES OF THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

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. Annual expense paid to the Diocese amounted to \$10,010 and \$16,820 for the years ended June 30, 2023 and 2022, respectively.

4. 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.

The amount due from the Diocese at June 30, 2023 was \$20,940. The amount due to the Diocese at June 30, 2022 was \$8,516.

5. Fundraising Events

Catholic Charities schedules several events during the year for fundraising purposes. Fundraising events are detailed as follows for the years ended June 30:

	June 30,	
	2023	2022
The Communities of Salt and Light Dinner	\$ 174,275	\$ 96,265
Golf Event	56,816	49,196
Purse Bash	17,406	13,162
Other events	8,759	20,036
	<u>257,256</u>	<u>178,659</u>
Less cost of events	115,905	90,123
Total	<u>\$ 141,351</u>	<u>\$ 88,536</u>

In addition to the current year activity detailed above, the net proceeds from the 2020 Communities of Salt and Light Dinner that did not take place due to the COVID-19 pandemic in the amount of \$99,199 were released from net assets with donor restriction during 2022 when the 2022 event took place.

CATHOLIC CHARITIES OF THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

6. Commitments and Contingencies

The Diocese 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 80 survivors, totaling in excess of \$8 million. The Diocese 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's general creditors.

7. 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 Trustees 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. 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.

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

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

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:

	<u>2023</u>	<u>2022</u>
Financial assets, at year-end	\$ 1,365,854	\$ 1,187,024
Less:		
Board-designated funds	369,588	342,591
Donor-imposed restrictions:		
Restricted by donor with purpose restrictions	<u>135,092</u>	<u>132,511</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 861,174</u>	<u>\$ 711,922</u>