CATHOLIC SOCIAL SERVICES, INC.

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2022 AND 2021

CPAs / ADVISORS

blue

CATHOLIC SOCIAL SERVICES, INC.

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CPAs / ADVISORS

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Catholic Social Services, Inc.
Columbus, Ohio

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Catholic Social Services, Inc. (the Organization), a nonprofit organization, which comprise the statement of financial position as of December 31, 2022, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the year 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 respective financial position of the Organization as of December 31, 2022, and the changes in net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of the Organization for the year ended December 31, 2021, were audited by other auditors whose report dated September 28, 2022, expressed an unmodified opinion on those financial statements.

Emphasis of Matter – Change in Accounting Principles

As discussed in Note 2 to the financial statements, the Organization adopted Financial Accounting Standards Board's (FASB) Accounting Standard Update (ASU) No. 2016-02, *Leases (Topic 842)*, and FASB ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*s, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

<u>Other Reporting Required by *Government Auditing Standards*</u>

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Blue & Co., LLC

Westerville, Ohio
June 28, 2023

CATHOLIC SOCIAL SERVICES, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

Assets

	Without Donor Restrictions	With Donor Restrictions	Total
Current assets			
Cash	$ 744,254	$ -	$ 744,254
Custodial funds	1,809,143	-	1,809,143
Grants receivable	499,786	-	499,786
Contributions receivable	493,490	112,060	605,550
Prepaid expenses	110,369	-	110,369
Total current assets	3,657,042	112,060	3,769,102
Contributions receivable	354,432	-	354,432
Property and equipment, net	890,419	-	890,419
Operating lease right-of-use assets	129,300	-	129,300
Investments	1,645,262	4,026,928	5,672,190
Beneficial interest in funds held by others	616,911	2,242,642	2,859,553
Total noncurrent assets	3,636,324	6,269,570	9,905,894
Total assets	$ 7,293,366	$ 6,381,630	$ 13,674,996

Liabilities and Net Assets

	Without Donor Restrictions	With Donor Restrictions	Total
Current liabilities			
Accounts payable	$ 167,912	$ -	$ 167,912
Accrued payroll	277,436	-	277,436
Custodial funds	1,809,143	-	1,809,143
Current portion of operating lease obligations	108,147	-	108,147
Refundable advance	46,388	-	46,388
Other liabilities	28,735	-	28,735
Total current liabilities	2,437,761	-	2,437,761
Long-term liabilities			
Noncurrent portion of operating lease obligations	30,437	-	30,437
Total long-term liabilities	30,437	-	30,437
Total liabilities	2,468,198	-	2,468,198
Net assets			
Without donor restrictions	4,825,168	-	4,825,168
With donor restrictions	-	6,381,630	6,381,630
Total net assets	4,825,168	6,381,630	11,206,798
Total liabilities and net assets	$ 7,293,366	$ 6,381,630	$ 13,674,996

See accompanying notes to financial statements.

CATHOLIC SOCIAL SERVICES, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

Assets

	Without Donor Restrictions	With Donor Restrictions	Total
Current assets			
Cash	$ 670,820	$ 730,947	$ 1,401,767
Custodial funds	1,706,893	-	1,706,893
Grants receivable	480,755	-	480,755
Contributions receivable	127,062	341,068	468,130
Other receivables	99,104	-	99,104
Prepaid expenses	71,876	-	71,876
Total current assets	3,156,510	1,072,015	4,228,525
Contributions receivable	-	50,000	50,000
Property and equipment, net	721,817	-	721,817
Investments	3,145,273	3,220,877	6,366,150
Beneficial interest in funds held by others	752,975	2,771,418	3,524,393
Total noncurrent assets	4,620,065	6,042,295	10,662,360
Total assets	$ 7,776,575	$ 7,114,310	$ 14,890,885

Liabilities and Net Assets

	Without Donor Restrictions	With Donor Restrictions	Total
Current liabilities			
Accounts payable	$ 177,184	$ -	$ 177,184
Accrued payroll	248,864	-	248,864
Custodial funds	1,706,893	-	1,706,893
Refundable advance	31,920	-	31,920
Total current liabilities	2,164,861	-	2,164,861
Net assets			
Without donor restrictions	5,611,714	-	5,611,714
With donor restrictions	-	7,114,310	7,114,310
Total net assets	5,611,714	7,114,310	12,726,024
Total liabilities and net assets	$ 7,776,575	$ 7,114,310	$ 14,890,885

See accompanying notes to financial statements.

CATHOLIC SOCIAL SERVICES, INC.

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Government revenue			
Federal	$ 1,904,173	$ -	$ 1,904,173
County	933,130	-	933,130
State	161,296	-	161,296
Local	830,434	-	830,434
Nonfinancial assets	45,739	-	45,739
Total government revenue	3,874,772	-	3,874,772
Public support			
Contributions	1,036,229	1,708,253	2,744,482
United Way	203,981	16,120	220,101
Catholic Diocese of Columbus	-	100,000	100,000
Catholic Diocese of Columbus - nonfinancial assets	48,887	-	48,887
Special events, net	131,262	-	131,262
Total public support	1,420,359	1,824,373	3,244,732
Earned revenue			
Program service fees	530,407	-	530,407
Other revenue			
Investment loss, net	(227,273)	(493,264)	(720,537)
Investment loss from beneficial interest in funds held by others, net	(125,239)	(410,375)	(535,614)
Miscellaneous	16	-	16
Total other revenue	(352,496)	(903,639)	(1,256,135)
Net assets released from restrictions	1,653,414	(1,653,414)	-
Total revenues, gains, and other support	7,126,456	(732,680)	6,393,776
Expenses			
Program services	6,196,900	-	6,196,900
Administration	1,375,976	-	1,375,976
Development	278,710	-	278,710
Marketing	61,416	-	61,416
Total expenses	7,913,002	-	7,913,002
Change in net assets	(786,546)	(732,680)	(1,519,226)
Net assets beginning of year	5,611,714	7,114,310	12,726,024
Net assets at end of year	$ 4,825,168	$ 6,381,630	$ 11,206,798

See accompanying notes to financial statements.

CATHOLIC SOCIAL SERVICES, INC.

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Government revenue			
Federal	$ 2,168,592	$ -	$ 2,168,592
County	941,286	-	941,286
State	58,462	-	58,462
Local	25,000	-	25,000
Total government revenue	3,193,340	-	3,193,340
Public support			
Contributions	1,271,924	150,732	1,422,656
United Way	119,731	102,481	222,212
Catholic Diocese of Columbus	-	197,785	197,785
Special events, net	147,111	-	147,111
Total public support	1,538,766	450,998	1,989,764
Earned revenue			
Program service fees	445,674	-	445,674
Other revenue			
Investment income, net	225,102	195,671	420,773
Investment income from beneficial interest in funds held by others, net	108,749	425,909	534,658
Paycheck Protection Program loan forgiveness	667,800	-	667,800
Miscellaneous	8,074	-	8,074
Total other revenue	1,009,725	621,580	1,631,305
Net assets released from restrictions	777,205	(777,205)	-
Total revenues, gains, and other support	6,964,710	295,373	7,260,083
Expenses			
Program services	5,567,198	-	5,567,198
Administration	599,545	-	599,545
Development	269,228	-	269,228
Marketing	136,083	-	136,083
Total expenses	6,572,054	-	6,572,054
Change in net assets	392,656	295,373	688,029
Net assets beginning of year	5,219,058	6,818,937	12,037,995
Net assets at end of year	$ 5,611,714	$ 7,114,310	$ 12,726,024

See accompanying notes to financial statements.

CATHOLIC SOCIAL SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services				Supporting Services				
	Senior Services	Family Services	Poverty Reduction	Program Services Total	Administration	Development	Marketing	Supporting Services Total	Total Expenses
Salaries	$ 1,388,879	$ 829,980	$ 420,113	$ 2,638,972	$ 352,501	$ 168,023	$ 5,804	$ 526,328	$ 3,165,300
Employee benefits	258,828	218,367	55,249	532,444	50,199	20,772	1,640	72,611	605,055
Payroll taxes	104,677	66,305	31,256	202,238	30,270	13,840	384	44,494	246,732
Stipends/volunteer costs	640,859	3,425	125	644,409	775	-	-	775	645,184
Specific assistance	1,916	134,183	854,846	990,945	85	-	-	85	991,030
Professional fees	64,742	64,529	24,569	153,840	464,483	18,532	18,585	501,600	655,440
Occupancy	80,391	113,827	13,205	207,423	37,105	10,441	2,889	50,435	257,858
Supplies	76,933	62,298	16,703	155,934	33,259	6,739	1,625	41,623	197,557
Telephone and communications	54,289	47,450	1,994	103,733	8,586	1,063	303	9,952	113,685
Travel and vehicle expense	141,335	4,602	5,380	151,317	875	354	11	1,240	152,557
Conference and meetings	26,446	12,251	24,542	63,239	6,333	5,249	406	11,988	75,227
Equipment rental and maintenance	19,184	17,065	3,017	39,266	7,042	2,708	1,252	11,002	50,268
Bad debts	-	-	-	-	312,888	-	-	312,888	312,888
Fees and charges	3,827	15,192	149	19,168	35,261	4,030	-	39,291	58,459
Printing and publications	4,680	4,171	940	9,791	25,442	6,545	1,607	33,594	43,385
Postage and shipping	3,437	18,549	119	22,105	1,768	6,113	-	7,881	29,986
Marketing	1,327	2,237	7,250	10,814	227	2,069	25,035	27,331	38,145
Membership dues	10,224	8,092	1,798	20,114	1,248	1,248	1,248	3,744	23,858
Depreciation and amortization	140,323	80,736	10,089	231,148	7,629	10,984	627	19,240	250,388
Total functional expenses	$ 3,022,297	$ 1,703,259	$ 1,471,344	$ 6,196,900	$ 1,375,976	$ 278,710	$ 61,416	$ 1,716,102	$ 7,913,002

See accompanying notes to financial statements.

CATHOLIC SOCIAL SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services				Supporting Services				
	Senior Services	Family Services	Poverty Reduction	Program Services Total	Administration	Development	Marketing	Supporting Services Total	Total Expenses
Salaries	$ 1,660,610	$ 529,220	$ 342,125	$ 2,531,955	$ 286,954	$ 169,449	$ 47,540	$ 503,943	$ 3,035,898
Employee benefits	280,045	120,063	45,034	445,142	39,036	29,853	6,724	75,613	520,755
Payroll taxes	138,224	46,348	31,057	215,629	22,862	14,912	3,944	41,718	257,347
Stipends/volunteer costs	620,377	336	100	620,813	-	3,000	-	3,000	623,813
Specific assistance	36,902	264,690	298,649	600,241	500	30	-	530	600,771
Professional fees	92,834	102,874	81,489	277,197	128,035	3,201	28,057	159,293	436,490
Occupancy	119,229	58,605	13,216	191,050	33,199	10,486	3,089	46,774	237,824
Supplies	107,969	28,059	15,349	151,377	15,756	12,946	3,000	31,702	183,079
Telephone and communications	72,911	23,343	4,152	100,406	5,379	1,615	627	7,621	108,027
Travel and vehicle expense	96,314	307	4,443	101,064	354	158	19	531	101,595
Conference and meetings	19,480	5,944	20,476	45,900	10,221	12,800	1,105	24,126	70,026
Equipment rental and maintenance	33,622	8,777	2,635	45,034	5,167	2,495	1,362	9,024	54,058
Bad debts	-	-	-	-	2,033	-	-	2,033	2,033
Fees and charges	16,447	390	-	16,837	23,231	-	11,465	34,696	51,533
Printing and publications	7,381	3,461	1,344	12,186	2,530	1,577	21,675	25,782	37,968
Postage and shipping	20,456	445	2,208	23,109	1,184	1,022	594	2,800	25,909
Marketing	438	2,281	6,076	8,795	-	4,371	6,306	10,677	19,472
Membership dues	5,117	2,257	1,098	8,472	1,253	397	253	1,903	10,375
Miscellaneous	360	582	123	1,065	-	-	-	-	1,065
Depreciation and amortization	29,615	30,605	110,706	170,926	21,851	916	323	23,090	194,016
Total functional expenses	$ 3,358,331	$ 1,228,587	$ 980,280	$ 5,567,198	$ 599,545	$ 269,228	$ 136,083	$ 1,004,856	$ 6,572,054

See accompanying notes to financial statements.

CATHOLIC SOCIAL SERVICES, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Operating activities		
Change in net assets	$ (1,519,226)	$ 688,029
Adjustments to reconcile change in net assets		
to net cash from operating activities		
Net realized and unrealized (gain) loss on invesments	823,610	(307,628)
Net realized and unrealized (gain) loss in beneficial interest on funds held by others	542,828	(528,705)
Contributions restricted for investment in endowment	(31,533)	(48,068)
Depreciation and amortization	250,388	194,016
Bad debt expense	312,888	2,033
Paycheck protection program loan forgiveness	-	(667,800)
Discount on contributions receivable	11,208	-
Changes in operating assets and liabilities		
Funds held on behalf of others	-	235,167
Grants receivable	(19,031)	(98,897)
Contributions receivable	(765,948)	13,508
Prepaid expenses	(38,493)	(14,551)
Other receivable	99,104	113,396
Accounts payable	(9,272)	63,861
Accrued payroll	28,572	(16,528)
Funds held on behalf of others	-	(235,294)
Refundable advance	14,468	31,920
Leases, net	9,284	-
Other liabilities	28,735	-
Net cash used in operating activities	(262,418)	(575,541)
Investing activities		
Purchase of property and equipment	(418,990)	(358,709)
Net change in beneficial interest in funds held by others	122,012	69,572
Net change in investments	(129,650)	(15,650)
Net change in restricted cash included in investments	(71,810)	10,159
Net cash used in investing activities	(498,438)	(294,628)
Financing activities		
Proceeds from contributions restricted for investment in endowment	31,533	48,068
Net cash from financing activities	31,533	48,068
Change in cash and donor restricted cash	(729,323)	(822,101)
Cash and donor restricted cash		
Beginning of year	1,524,197	2,346,298
End of year	$ 794,874	$ 1,524,197
Supplemental cash flow information		
Cash paid for interest	$ 739	$ -
Capital asset acquisitions in accounts payable	$ 14,400	$ -
Cash paid for amounts included in measurement of lease obligations		
Operating cash flows from operating leases	$ 113,148	$ -

See accompanying notes to financial statements.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Catholic Social Services, Inc. (the Organization) is a not-for-profit corporation founded in 1945 and incorporated in 1966, formed exclusively for the purposes of public charity and as the social service agency of the Roman Catholic Diocese of Columbus. The Organization enables the hurting or poor to meet needs and live with hope and purpose. The Organization's central office is located in Franklin County, with branches in Licking, Muskingum and Scioto Counties.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Net assets, support, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

> Net assets without donor restrictions: Net assets that are currently available for operating purposes under the direction of the board or designated by the board for specific use.
>
> Net assets with donor restrictions: Net assets subject to donor stipulations for specific operating purposes or time restrictions. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with investment return available for operations or specific purposes.

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 reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Restricted Cash

Cash maintained in bank accounts may, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The following table provides a reconciliation of cash and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statements of cash flows for the years ended December 31:

	2022	2021
Cash	$ 744,254	$ 670,820
Cash with donor restrictions	-	730,947
Restricted cash included in investments	50,620	122,430
	$ 794,874	$ 1,524,197

Custodial Funds

Custodial funds are held by the Organization for participants in the payee services program. The Organization acts as a temporary custodian of the funds and disburses them on behalf of the clients as directed. The Organization does not receive an administrative fee for holding these funds and does not make disbursement decisions with respect to the funds.

Grants Receivable

At December 31, 2022 and 2021, grants receivable consists of grants awarded from various agencies for which the barriers to overcome recognition of the grant have already been met. Grants receivable are stated at the amount management expects to collect from outstanding balances (net realizable value). Management provides for probable uncollectible accounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. Management has determined that an allowance for doubtful accounts is not necessary at December 31, 2022 and 2021. It is reasonably possible that the Organization's estimate of the allowance for doubtful accounts will change. As of December 31, 2022 and 2021, and January 1, 2021, grants receivable had a balance of $499,786, $480,755, and $381,858, respectively.

Contributions Receivable and Contribution Revenues

Contributions receivable consist of contributions from the Catholic Diocese of Columbus, the United Way, corporations, foundations, and individuals. At December 31, 2022, contributions receivable of approximately $606,000 are due within one year of the statement of financial position date and contributions receivable of approximately $354,000 are due within two to five years of the statement of financial position date. Contributions receivable are reflected at their net realizable value. The net realizable value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution income. Management has determined that an allowance for contributions receivable is not necessary at December 31, 2022 and 2021. It is reasonably possible that the Organization's estimate of the allowance for doubtful accounts will change. At December 31, 2022, 86% of pledges receivable were sourced from six donors. At December 31, 2021, 78% of pledges receivable were sourced from four donors.

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give, or a notification of a beneficial interest is 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 met. Conditional promises to give are recorded as refundable advance on the statement of net position until the corresponding conditions are met.

Special event revenue is recognized in the period in which the event occurs, unless otherwise specified by the donor. Special event revenue is reported net of the costs incurred to hold events.

Property and Equipment

Additions to property and equipment have been recorded at cost or, if donated, at fair market value on the date of receipt. Routine maintenance, repairs, renewals, and replacement costs are charged to expense as incurred. Expenditures which materially increase values or extend useful lives are capitalized. Costs and related accumulated depreciation on property sold or otherwise retired are removed from the accounts, and any gains or losses related to the disposition are included in other revenue in the statement of activities and changes in net assets. Depreciation is computed on the straight-line method at rates that amortize the cost of the assets over the following estimated useful lives:

Furniture, fixtures, and equipment	3 - 10 Years
Vehicles	5 Years
Software	3 Years
Leasehold improvements	5 - 15 Years

Investments and Investment Return

Investments are stated at fair market value. Investment income is included in change in assets without donor restriction unless restricted by donor or law. Realized and unrealized gains and losses are shown as increases in net assets in the period in which the gain or loss is incurred.

The Organization maintains separate investment accounts for its individual fund balances. Investment income/loss and realized and unrealized gains and losses from securities in investment accounts are allocated monthly to the individual fund balances.

The Organization holds investments that are exposed to various credit risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to the changes in fair value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

Revenue Recognition

Program service fees relate to payee services provided by the Organization. Payee services represent an exchange transaction in that consideration is received by the Organization in return for payee services provided to the individual designated as a payee. Program service fee revenue is recognized at the point in time in which the performance obligation (payee services) is met.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, the Organization is exempt from income taxes. However, the Organization is required to Federal Form 990 – Return of Organization Exempt from Income Tax, which is an informational return only. The Organization is subject to routine audits by taxing jurisdictions. However, as of the date the financial statements were available to be issued, there were no audits for any tax periods in progress.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2022 and 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosures in the accompanying financial statements.

Going Concern Evaluation

Management evaluates whether there were conditions or events that raise substantial doubt about the entity's ability to continue as a going concern for a period of one year from the date the financial statements were available to be issued.

Reclassifications

Certain amounts in the 2021 financial statements have been reclassified to conform to the current year presentation. There were no changes in net assets as a result of these reclassifications.

Subsequent Events

The Organization has evaluated events or transactions occurring subsequent to the statement of financial position for recognition and disclosure in the accompanying financial statements through the date the financial statements were available to be issued which is June 28, 2023.

2. CHANGE IN ACCOUNTING PRINCIPLES

On January 1, 2022, the Organization adopted the new lease accounting standard issued by the Financial Accounting Standards Board (FASB) and codified in the Accounting Standard Codifications (ASC) as Topic 842 (ASC 842). The lease standard in ASC 842 is intended to improve financial reporting about leasing transactions by requiring entities to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in ASC 842) of twelve months or less are not required to be reflected on the Organization's statement of financial position.

The Organization applied the modified retrospective approach to all lease agreements when adopting ASC 842. ASC 842 was applied retrospectively to the beginning of the period of adoption through a cumulative-effect adjustment recognized as of January 1, 2022. Prior period amounts have not been adjusted and continue to be reported in accordance with the previous guidance in ASC 840. The adoption of ASC 842 had a material impact on the statement of financial position but did not have a significant impact on the statement of activities and changes in net assets or statement of cash flows. As of January 1, 2022, the Organization's total assets increased by approximately $233,000 and total liabilities increased by approximately $249,000 as a result of ASC 842. The most significant impact was the recognition of right-of-use (ROU) assets under operating leases and operating lease liabilities for operating leases.

The Organization elected the available practical expedients to account for its existing operating leases under the new guidance without reassessing (a) whether any expired or existing contracts contain a lease, (b) whether classification of capital leases or operating leases would be different in accordance with new guidance, or (c) whether unamortized initial direct costs, if any, before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement. In addition, the Organization elected the hindsight practical expedient to determine the lease term for existing leases.

On January 1, 2022, the Organization adopted FASB ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities or Contributed Nonfinancial Assets*. This new standard is intended to increase transparency around contributed nonfinancial assets (also known as "gifts-in-kind") received by not-for-profit organizations, including information on how those assets are used and how they are valued. The adoption of this new standard resulted in the Organization presenting contributed nonfinancial assets as a separate line item on the statement of activities, apart from contributions of cash or other financial assets. In addition, this ASU expanded disclosure requirements for nonfinancial asset contributions. For the year ended December 31, 2022, contributions of nonfinancial assets recognized in the statement of activities included:

Building space	$ 48,887
Vehicles	45,739
	$ 94,626

Building space is valued at the estimated fair value of the leased premises. Building space contributed was utilized as headquarters for the Organization. Nonfinancial contributions of vehicles represent amount for new vehicle purchases that are paid for directly by the grantor. Vehicles contributed were used for transportation of senior citizens. The Organization did not receive nonfinancial contributions with donor-imposed restrictions in 2022.

3. TRANSACTIONS WITH AFFILIATES

The Organization was established by the Catholic Diocese of Columbus (the Diocese) for the purpose of fulfilling the charitable mission of the Diocese and, in turn, the Diocese provides certain resources to the Organization. The Organization occupies certain office space owned by the Diocese at no charge. The Organization records a contribution and rental expense based on the Diocese's estimate of the fair value of the rental space. The amount recorded in 2022 and 2021 for this space was approximately $49,000 and $98,000, respectively. In addition, the Diocese made contributions to the Organization of $100,000 in 2022 and 2021.

Certain assets of the Organization are held by the Diocese, the Foundation of the Catholic Diocese of Columbus (Catholic Foundation), and the Columbus Foundation. Assets held by the Diocese approximated $821,000 and $802,000 at December 31, 2022 and 2021, respectively, and are included in investments on the statement of financial position. The Catholic Foundation maintains funds contributed to them to be held in perpetuity for which the Organization is the named beneficiary. The Organization receives an annual distribution from these funds. The Catholic Foundation did not receive variance power over these funds from the donors. Assets held by the Catholic Foundation approximated $2,314,000 and $2,870,000 at December 31, 2022 and 2021, respectively, and are included in beneficial interest in assets held by others on the statement of financial position. The Columbus Foundation maintains funds contributed to them for which the Organization is the named beneficiary. The Organization receives an annual distribution from these funds. The Columbus Foundation did not receive variance power over these funds from the donors. Assets held by the Columbus Foundation approximated $545,000 and $655,000 at December 31, 2022 and 2021, respectively, and are included in beneficial interest in assets held by others on the statement of financial position.

4. LIQUIDITY AND AVAILABILITY

The following represents the Organization's available financial assets at December 31:

	2022	2021
Cash, without donor restrictions	$ 744,254	$ 670,820
Grants receivable	499,786	480,755
Contributions receivable	605,550	468,130
Investments	1,645,262	3,145,273
Financial assets available to meet cash needs for general expenditures within one year	$ 3,494,852	$ 4,764,978

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term and long-term investments. The Organization's policy is to maintain financial assets equal to an amount not less than 50% of annual operating expenses. As of December 31, 2022 and 2021, contributions receivable includes approximately $606,000 and $341,000, respectively, of donor-restricted contributions whose purpose or time restrictions will be met during the following year.

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2022	2021
Furniture, fixtures, and equipment	$ 1,123,972	$ 1,099,228
Vehicles	537,710	422,015
Software	456,890	441,590
Leasehold improvements	157,088	157,088
Construction in progress	263,249	-
Total	2,538,909	2,119,921
Less accumulated depreciation	(1,648,490)	(1,398,104)
	$ 890,419	$ 721,817

6. INVESTMENTS

Investments are presented in the financial statements in aggregate at fair value. The funds are composed primarily of money market funds, U.S. government securities, corporate bonds, common stocks, mutual funds, and alternative investments.

	2022	2021
Investments without donor restrictions:		
Leo Walsh Fund	$ 121,440	$ 148,232
Harriet Patricia O'Neal Waltz Fund	172,674	209,490
Parish Aid Fund	821,355	801,897
Unrestricted, unendowed investments	529,793	1,985,654
	1,645,262	3,145,273
Investments with donor restrictions:		
Bouroncle Fund	1,475,071	1,838,189
Bonner Fund	666,939	812,677
Kerns Dresser Fund	396,609	514,998
Anonymous Fund	67,945	55,013
Restricted, unendowed investments	1,420,364	-
	4,026,928	3,220,877
Total Investments	$ 5,672,190	$ 6,366,150

Net investment income consists of the following for the years ended December 31:

	2022	2021
Investment and dividend income	$ 153,166	$ 161,784
Net unrealized gain (loss) on investments	(838,234)	135,404
Net realized gain on investments	14,624	172,224
Investment fees	(50,093)	(48,639)
	$ (720,537)	$ 420,773

7. BENEFICAL INTEREST IN FUNDS HELD BY OTHERS

Beneficial interest in funds held by others consists of 16 endowment funds at the Catholic Foundation and one at the Columbus Foundation. The Catholic Foundation disburses income from the funds up to 5% of the average market value of the funds over the preceding 12 quarters. The Columbus Foundation makes semiannual grants based on market returns. The Organization received distributions of approximately $138,000 and $118,000 in 2022 and 2021, respectively, from these endowment funds.

The fair market value of the beneficial interest in funds held by others December 31 consists of the following:

	2022	2021
Without donor restrictions	$ 616,911	$ 752,975
With donor restrictions	2,242,642	2,771,418
	$ 2,859,553	$ 3,524,393

Net investment income from beneficial interest in funds held by others consists of the following for the years ended December 31:

	2022	2021
Investment and dividend income	33,798	41,168
Net unrealized gain (loss) on investments	(515,137)	368,878
Net realized gain (loss) on investments	(27,691)	159,827
Investment fees	(26,584)	(35,215)
	$ (535,614)	$ 534,658

8. FAIR VALUE MEASUREMENT

Fair value guidance establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under Fair Value Measurement are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at December 31, 2022 and 2021.

Money market: Valued at the subscription and redemption activity at a $1 stable net asset value (NAV). However, on a daily basis the funds are valued at their daily NAV calculated using the amortized cost of the securities held in the fund.

Government securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

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

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

Exchange traded funds: Valued at the NAV of shares of the underlying stocks as reported by the fund. These funds are required to publish their NAV reported on the active market and to transact at that price. The exchange traded funds held by the Organization are deemed to be actively traded.

Beneficial interests in funds held by others: Valued at the Organization's projected future cash flows of their portion of the funds held at year-end.

Limited partnerships: Valued at their estimated fair value as determined by applicable investment managers without adjustment or by financial statements of the funds. These financial statements are audited at least annually. Fair value generally represents the fund's proportionate share of the net assets of the investment partnerships as reported by the general partners of the underlying partnerships. Some securities with no readily available market value are initially valued at cost, utilizing independent professional valuation firms as well as market comparisons with subsequent adjustments to values which reflect either the basis of meaningful third-party transactions in the private market or the fair value deemed appropriate by the general partners of the underlying investment partnerships. In such instances, consideration is also given to the financial condition and operating results of the issuer, the amount that the investment partnership can reasonably expect to realize upon the sale of the securities, and any other factors deemed relevant. The estimated fair values are subject to uncertainty and therefore may differ from the values that would have been used had a readily available market for such investments existed and such differences could be material.

Assets measured at fair value on a recurring basis as of December 31, 2022 are as follows:

	Level 1	Level 2	Level 3	Total
Government securities	$ -	$ 359,808	$ -	$ 359,808
Money market	-	821,355	-	821,355
Common stocks				
Financial services	395,759	-	-	395,759
Healthcare	129,849	-	-	129,849
Basic materials	104,353	-	-	104,353
Industrial	285,759	-	-	285,759
Real estate	23,480	-	-	23,480
Utilities	37,929	-	-	37,929
Consumer cyclical	249,794	-	-	249,794
Energy	62,739	-	-	62,739
Consumer defensive	152,694	-	-	152,694
Technology	398,533	-	-	398,533
Communication services	90,074	-	-	90,074
Corporate bonds				
Financial services	-	104,907	-	104,907
Industrial	-	91,155	-	91,155
Mutual funds				
Small cap	89	-	-	89
Mid cap	239,349	-	-	239,349
Large cap	141,472	-	-	141,472
Fixed income	1,375,805	-	-	1,375,805
Exchange traded funds				
Large cap	45,337	-	-	45,337
Beneficial interest held by others	-	-	2,859,553	2,859,553
Total assets at fair value	$ 3,733,015	$ 1,377,225	$ 2,859,553	7,969,793
			Cash	143,672
			Limited partnerships (a)	418,278
				$ 8,531,743

(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented at fair value in the statements of financial position.

Assets measured at fair value on a recurring basis as of December 31, 2021 are as follows:

	Level 1	Level 2	Level 3	Total
Government securities	$ -	$ 457,432	$ -	$ 457,432
Money market	-	801,897	-	801,897
Common stocks				
Financial services	365,495	-	-	365,495
Healthcare	185,565	-	-	185,565
Basic materials	132,176	-	-	132,176
Industrial	340,231	-	-	340,231
Real estate	29,486	-	-	29,486
Utilities	45,657	-	-	45,657
Consumer cyclical	212,657	-	-	212,657
Energy	63,325	-	-	63,325
Consumer defensive	155,479	-	-	155,479
Technology	511,428	-	-	511,428
Communication services	126,728	-	-	126,728
Corporate bonds				
Financial services	-	121,971	-	121,971
Industrial	-	86,154	-	86,154
Mutual funds				
Mid cap	213,692	-	-	213,692
Large cap	181,687	-	-	181,687
Fixed income	1,581,461	-	-	1,581,461
Exchange traded funds				
Large cap	60,101	-	-	60,101
Beneficial interest held by others	-	-	3,524,393	3,524,393
Total assets at fair value	$ 4,205,168	$ 1,467,454	$ 3,524,393	9,197,015
			Cash	271,309
			Limited partnerships (a)	422,219
				$ 9,890,543

(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented at fair value in the statements of financial position.

Fair Value of Investments in Entities that Use Net Asset Value

The following table summarizes investments measured at NAV per share as of December 31, 2022 and 2021:

December 31, 2022	Fair Value	Unfunded Commitments	Redemption Frequency (if eligible)	Redemption Notice Period
Ironwood Institutional Multi-Strategy Fund LLC	$ 418,278	$ -	(a)	(a)

December 31, 2021	Fair Value	Unfunded Commitments	Redemption Frequency (if eligible)	Redemption Notice Period
Ironwood Institutional Multi-Strategy Fund LLC	$ 422,219	$ -	(a)	(a)

(a) As stated within the Ironwood Institutional Multi-Strategy Fund LLC fund prospectus, units are not redeemable by investors; however, the Board of Directors of the fund may, at its sole discretion, proclaim an offer to redeem funds. While the Board of Directors of the fund is not required to make this proclamation, it is stated within the prospectus that the Board of Directors will likely do so on June 30 and December 31 of each year. The redemption notice period should the Board of Directors declare a repurchase of funds is to be determined by the fund's Board of Directors, but is required to be at least 20 days from the date of the notice.

Level 3 Gains and Losses

The following table sets forth a summary of changes in the fair value of the Organization’s Level 3 assets for the years ended December 31, 2022 and 2021:

	2022	2021
Balance, beginning of year	$ 3,524,393	$ 3,059,252
Contributions	9,033	48,068
Investment return:		
Investment income (loss), net of fees	(535,614)	534,658
Appropriation of endowment assets for expenditures	(138,259)	(117,585)
Balance, end of year	$ 2,859,553	$ 3,524,393

9. ENDOWMENT FUNDS

The Organization's endowment consists of 24 individual funds in 2022 and 2021, established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds without donor restriction. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and thus classifies in its donor-restricted endowment funds as net assets with donor restrictions because those assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Most of those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considered a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of the initial and subsequent gift amounts donated to the fund, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable gift instrument.

The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measure required under the law. Additionally, in accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

(1) The duration and preservation of the fund
(2) The purposes of the Organization and donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) The investment policies of the Organization

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. Deficiencies of this nature did not exist as of December 31, 2022 and 2021.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to balance the mission of building capital for future use with the corresponding obligation to support current and future needs of the Organization. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce long-term growth of capital without undue exposure to risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment decisions shall be made with the intent of maximizing the long-term total return of the portfolio through market value changes (realized and unrealized) and through earned income (dividends and interest).

Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Organization uses an endowment spending-rate formula to determine the maximum amount of spend from the endowment, including those endowments deemed to be underwater, each year. The rate, determined and adjusted from time to time by the Board of Directors, is applied to the average fair value of the endowment investments for the prior three years at December 31 of each year to determine the spending amount for the upcoming year. During 2022 and 2021, the spending rate was 5 percent. In establishing this policy, the Organization considered the long-term expected return of the endowment and set the rate with the objective of maintaining the purchasing power of the endowment over time.

Included in the following table are approximately $617,000 and $753,000 of funds without donor restrictions at December 31, 2022 and 2021, respectively, and $2,243,000 and $2,771,000 of funds with donor restrictions at December 31, 2022 and 2021, respectively, held at the Columbus Foundation and the Catholic Foundation. These funds are subject to the spending and investing policies of each of the foundations.

Changes in endowment net assets for the year ended December 31, 2022 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	$ 1,102,505	$ 6,000,684	$ 7,103,189
Contributions	-	31,533	31,533
Investment loss, net	(180,015)	(912,269)	(1,092,284)
Appropriation of endowment assets for expenditures	(11,464)	(270,741)	(282,205)
End of year	$ 911,026	$ 4,849,207	$ 5,760,233

Changes in endowment net assets for the year ended December 31, 2021 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	$ 953,232	$ 5,596,220	$ 6,549,452
Contributions	-	48,068	48,068
Investment income, net	153,428	621,561	774,989
Appropriation of endowment assets for expenditures	(4,155)	(265,165)	(269,320)
End of year	$ 1,102,505	$ 6,000,684	$ 7,103,189

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of December 31:

	2022	2021
Subject to the passage of time:		
For use in subsequent periods	$ 112,060	$ 128,568
Subject to specified purpose:		
Vulnerable children	1,475,071	1,877,385
Homeless asssistance	668,439	808,571
Our Lady of Guadalupe operations	981,590	627,000
Case management in Latino communities	396,609	487,907
Student assistance	321,700	315,400
Other assistance	46,916	46,000
Vulnerable seniors	68,657	-
	3,958,982	4,162,263
Perpetual in nature:		
Vulnerable seniors	1,565,814	1,940,687
Portsmouth operations	267,782	332,408
Vulnerable mothers and children	166,268	205,991
Homeless asssistance	97,065	120,416
Operations of Catholic Social Services	95,203	114,810
Other	67,945	55,013
Our Lady of Guadalupe operations	41,228	42,635
Vulnerable poor	9,283	11,519
	2,310,588	2,823,479
	$ 6,381,630	$ 7,114,310

Donor-restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by the donors for the years ended December 31:

	2022	2021
For use in subsequent period	$ 274,176	$ 276,388
Student assistance	287,900	162,500
Vulnerable children	134,761	123,310
Distributions from beneficial interest	119,193	113,484
Other	75,381	65,809
Case management in Latino community	27,081	27,081
Our Lady of Guadalupe operations	673,699	-
Vulnerable seniors	43,866	-
Homeless and housing services	17,357	8,633
	$ 1,653,414	$ 777,205

11. LEASES

The Organization recognizes ROU assets and lease liabilities for leases with terms greater than 12 months or for leases that contain a purchase option that is reasonably certain to be exercised. Leases are classified as either finance or operating leases. This classification dictates whether a lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. The Organization has operating leases for building space and office equipment. Leasing arrangements require fixed payments and also include an amount that is probably will be owed under residual value guarantees, if applicable. Certain leases include escalating lease payments that, under accounting principles generally accepted in the United States of America, are to be recognized on a straight-line basis. Lease payments also include payments related to purchase or termination options when the lessee is reasonably certain to exercise the option or is reasonably certain not to exercise the option, respectively. The Organization's lease agreements do not contain any material restrictive covenants. The leases have remaining terms of one to three years, some of which include options to extend leases up to five years.

The Organization's ROU assets and lease liabilities are recognized on the lease commencement date in an amount that represents the present value of future lease payments over the lease term. The Organization utilizes the risk-free rate at the date of lease commencement as the discount rate for its leases unless the Organization can specifically determine the lessor's implicit rate. The risk-free discount rate was determined based on the rate of a zero-coupon United States Treasury instrument for the leases, determined using a period comparable with the lease terms. Certain lease contracts contain non-lease components such as maintenance and utilities. The Organization has made a policy election to not separate the lease and non-lease components, and thus recognize a single lease component for all of its right-of-use assets and lease liabilities. The operating lease ROU asset also includes any lease payments made and excludes lease incentives, if any.

Short-term leases (leases with an initial term of 12 months or less, or leases that are cancelable by the lessee and lessor without significant penalties) are not capitalized but are expensed on a straight-line basis over the lease term. The Organization was not involved in short-term lease arrangements during 2022.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. Furthermore, the Organization assesses whether it is reasonably certain to exercise options to extend or terminate a lease considering all relevant factors that create economic incentive to exercise such options, including asset, contract, market, and entity-based factors. These evaluations may require significant judgment.

The components of the Organization's lease cost for the year ended December 31, 2022 is as follows:

	2022
Operating lease cost	$ 106,153

Rental expense under both cancelable and non-cancelable agreements for the Organization in 2021 was $236,657.

The Organization's right-of-use assets and lease liabilities for the year ended December 31, 2022 are as follows:

	2022
Operating lease right-of-use assets	$ 129,300
Current maturities of operating lease liabilities	$ 108,147
Operating lease liabilities, net of current portion	30,437
Total operating lease liabilities	$ 138,584

Future payments of lease liabilities at December 31, 2022 are as follows:

2023	$ 109,281
2024	30,533
Total lease payments	139,814
Less imputed interest	(1,230)
Total	$ 138,584

Future minimum lease payments under operating leases having initial terms in excess of one year at December 31, 2021, under previous accounting guidance under ASC 840, are as follows:

2022	$	84,000
2023		62,000
2024		38,000
Total	$	184,000

As of December 31, 2022, the weighted average remaining lease term of operating leases is 1.28 years, and the weighted average discount rate of operating leases is 1.3%.

12. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Specific expenses that are readily identifiable to a program or other activity are charged directly to that function. Certain categories of expenses are attributable to more than one function. These expenses require allocation on a reasonable basis that is consistently applied. Expenses allocated include professional fees, supplies, telephone, equipment rental and maintenance and membership dues, which are allocated based on time and effort. Occupancy and depreciation are allocated based on square footage. Although the method used was appropriate, other methods could produce different results.

13. RETIREMENT PLAN

The Organization maintains a 403(b) savings and investment retirement plan covering substantially all employees. The Organization matches 100% of the employees' contributions up to 3% of compensation, after they have worked for the agency for one year with a minimum of 1,000 hours worked in that year. The Organization also may make annual discretionary contributions. The Organization's matching contribution expense was approximately $58,000 and $60,000 for the years ended December 31, 2022 and 2021, respectively. The Organization did not make any discretionary contributions in 2022 and 2021.

14. CONTINGENCIES

Grant contracts are subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Revenues generated by the grant contracts may be disallowed in subsequent periods as a result of those audits.

The Organization is subject to claims and lawsuits in the ordinary course of business. In the opinion of management, the Organization has adequate legal defenses and/or adequate insurance coverage for such matters. If it was the case that the Organization was not insured, management believes that such matters will not, in the aggregate, have a materially adverse impact on the Organization's financial condition, results of future operations or cash flows.

15. RELATED PARTY TRANSACTIONS

During 2022 and 2021, board members of the Organization contributed approximately $315,000 and $90,000, respectively, to the Organization.

SUPPLEMENTARY INFORMATION

CATHOLIC SOCIAL SERVICES, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
FOSTER GRANDPARENT/SENIOR COMPANION CLUSTER:				
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Senior Companion Program	94.016		$ -	$ 456,321
Foster Grandparent Program	94.011		-	369,461
Total Foster Grandparent/Senior Companion Cluster				825,782
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through Central Ohio Area Agency on Aging				
Title III - Senior Care 2022 Supportive Services	94.044		-	181,305
Low-Income Home Energy Assistance Program	93.568		-	5,700
Passed through Scioto County Department of Job and Family Services				
Title XX Social Services Block Grant	93.667		-	720
U.S. DEPARTMENT OF THE TREASURY				
Passed through Columbus State Community College				
American Rescue Plan	21.027		-	15,000
American Rescue Plan	21.027		-	50,000
Passed through City of Columbus - Department of Development				
Emergency Rental Assistance	21.023		-	1,028,272
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through Seton North				
Section 8 Housing Assistance Payments Program	14.195		-	126,305
Passed through Seton East				
Section 8 Housing Assistance Payments Program	14.195		-	50,646
Passed through Seton Marion				
Multifamily Housing Service Coordinators	14.191		-	86,487
Passed through Seton Wellston				
Multifamily Housing Service Coordinators	14.191		-	32,567
Passed through Seton Keton				
Multifamily Housing Service Coordinators	14.191		-	36,515
Passed through Seton Zanesville				
Multifamily Housing Service Coordinators	14.191		-	30,585
Passed through Seton Lancaster				
Multifamily Housing Service Coordinators	14.191		-	31,873
Passed through Seton Dover 1 & 2				
Multifamily Housing Service Coordinators	14.191		-	76,365
Passed through Seton London				
Section 8 Housing Assistance Payments Program	14.195		-	38,155
Passed through Seton South				
Section 8 Housing Assistance Payments Program	14.195		-	27,733
Passed through Seton Washington Court House				
Section 8 Housing Assistance Payments Program	14.195		-	29,608
Passed through Seton Coschocton				
Section 8 Housing Assistance Payments Program	14.195		-	22,480
Passed through Seton West				
Section 8 Housing Assistance Payments Program	14.195		-	25,700
FEDERAL TRANSIT ADMINISTRATION				
Passed through Ohio Department of Transportation				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		-	45,740
			$ -	$ 2,767,538

Note 1 – Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards (SEFA) for the year ended December 31, 2022 includes the federal grant activity that Catholic Social Services, Inc. (the Organization) received and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

Note 3 – Indirect Cost Rate

The Organization has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

CPAs / ADVISORS

blue

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REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Catholic Social Services, Inc.
Columbus, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Catholic Social Services, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2022 and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Westerville, Ohio
June 28, 2023

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REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Catholic Social Services, Inc.
Columbus, Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Catholic Social Services, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2022. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 US. *Code of Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other audit procedures as we considered necessary in the circumstance.

- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that were identified during the audit.

Report on Internal Control Over Compliance

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in *internal control* over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bruner & Co., LLC

Westerville, Ohio
June 28, 2023

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	______ yes	__x__ none reported
Significant deficiency(s) identified that are not considered to be material weakness(es)?	______ yes	__x__ none reported
Noncompliance material to financial statements noted?	______ yes	__x__ none reported

Federal Awards

Internal controls over major programs:		
Material weakness(es) identified?	______ yes	__x__ none reported
Significant deficiency(s) identified that are not considered to be material weakness(es)?	______ yes	__x__ none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with section 200.516 Audit findings paragraph (a) of the Uniform Grant Guidance	______ yes	__x__ none reported

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
21.023	Emergency Rental Assistance
14.195	Section 8 Housing Assistance Payments Program

Dollar threshold used to distinguish between type A and B programs:	$750,000	
Auditee qualified as low-risk auditee?	__x__ yes	______ no

Section II - Findings related to financial statements reported in accordance with *Government Auditing Standards*:

No matters reported.

Section III - Findings and questioned costs relating to Federal awards:

No matters reported.

Section IV – Summary schedule of prior audit findings:

No matters reported.