

Catholic Charities of Southwestern Ohio and Subsidiary

**Consolidated Financial Statements with Supplementary Information
December 31, 2020 with Summarized Comparative Totals for 2019 and
Independent Auditors' Report**

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

December 31, 2020

With Summarized Comparative Totals for December 31, 2019

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Independent Auditors' Report

The Board of Directors
Catholic Charities of Southwestern Ohio and Subsidiary
Cincinnati, Ohio

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Catholic Charities of Southwestern Ohio and Subsidiary (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities of Southwestern Ohio and Subsidiary as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Independent Auditors' Report
(Continued)**

Report on Summarized Comparative Information

We have previously audited Catholic Charities of Southwestern Ohio and Subsidiary's 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 19, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2021 on our consideration of Catholic Charities of Southwestern Ohio and Subsidiary'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 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 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 Catholic Charities of Southwestern Ohio and Subsidiary's internal control over financial reporting and compliance.



Cincinnati, Ohio
June 18, 2021

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

**Consolidated Statement of Financial Position
December 31, 2020
With Summarized Comparative Totals for December 31, 2019**

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 1,371,985	\$ 441,205
Accounts receivable, net	507,030	430,822
Contributions receivable	700,226	576,467
Prepaid expenses	324,293	359,253
Investments	5,632,370	4,581,146
Investments restricted by donors for endowment	250,000	250,000
Property and equipment, net	<u>173,911</u>	<u>552,655</u>
 Total assets	 <u><u>\$ 8,959,815</u></u>	 <u><u>\$ 7,191,548</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 385,727	\$ 485,157
Paycheck Protection Program loan	<u>664,800</u>	<u>-</u>
 Total liabilities	 <u>1,050,527</u>	 <u>485,157</u>
Net Assets		
Without donor restrictions	6,726,474	5,596,900
With donor restrictions	<u>1,182,814</u>	<u>1,109,491</u>
 Total net assets	 <u>7,909,288</u>	 <u>6,706,391</u>
 Total liabilities and net assets	 <u><u>\$ 8,959,815</u></u>	 <u><u>\$ 7,191,548</u></u>

See accompanying notes to consolidated financial statements

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

**Consolidated Statement of Activities
Year Ended December 31, 2020**

With Summarized Comparative Totals for Year Ended December 31, 2019

	Without Donor Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Revenue, gains and other support				
Donations, grants and planned giving	\$ 3,260,194	\$ 211,300	\$ 3,471,494	\$ 3,260,177
United Way	44,577	441,281	485,858	607,263
Donated food for distribution	1,856,050	-	1,856,050	8,847,685
Governmental grants and fees	2,233,228	-	2,233,228	2,250,600
Program service fees	506,398	-	506,398	563,927
Investment income, net	34,687	3,417	38,104	136,463
Special events	63,099	-	63,099	173,767
Other revenue and support	245,939	-	245,939	40,043
Net assets released from restriction	623,972	(623,972)	-	-
Total revenue, gains and other support	<u>8,868,144</u>	<u>32,026</u>	<u>8,900,170</u>	<u>15,879,925</u>
Expenses				
Salaries and related expenses	4,645,206	-	4,645,206	5,021,765
Donated food expense	1,881,575	-	1,881,575	8,413,839
Other direct	520,937	-	520,937	814,560
Senior volunteer costs	445,170	-	445,170	445,490
Occupancy	314,967	-	314,967	432,648
Individual assistance	174,858	-	174,858	345,874
Transportation	75,282	-	75,282	125,032
Depreciation	57,087	-	57,087	82,699
Total expenses	<u>8,115,082</u>	<u>-</u>	<u>8,115,082</u>	<u>15,681,907</u>
Change in net assets from operations	753,062	32,026	785,088	198,018
Non-operating gains (losses):				
Net unrealized gains on investments	698,169	41,297	739,466	703,296
Donation of property and equipment	(321,657)	-	(321,657)	(73,150)
Donation of food inventory	-	-	-	(1,540,856)
Change in net assets	1,129,574	73,323	1,202,897	(712,692)
Net assets, beginning of year	<u>5,596,900</u>	<u>1,109,491</u>	<u>6,706,391</u>	<u>7,419,083</u>
Net assets, end of year	<u>\$ 6,726,474</u>	<u>\$ 1,182,814</u>	<u>\$ 7,909,288</u>	<u>\$ 6,706,391</u>

See accompanying notes to consolidated financial statements

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Consolidated Statement of Functional Expenses Year Ended December 31, 2020 With Summarized Comparative Totals for Year Ended December 31, 2019

	Mental Health Services	Family Services	Refugee Resettlement	Language Services	Su Casa Hispanic Center	Food For All	Senior Services	Total Program Services	Management and General	Fundraising	2020 Totals	2019 Totals
Salaries and wages	\$ 257,454	\$ 300,314	\$ 398,535	\$ 205,316	\$ 754,408	\$ 29,023	\$ 244,010	\$ 2,189,060	\$ 617,216	\$ 230,268	\$ 3,036,544	\$ 3,163,753
Employee benefits	58,806	61,964	135,322	73,639	235,725	1,271	59,939	626,666	75,427	56,717	758,810	836,711
Professional fees	70,966	21,187	48,313	269,056	38,239	766	8,867	457,394	84,669	50,131	592,194	792,279
Payroll taxes	21,974	25,505	34,547	17,604	64,914	2,502	21,423	188,469	50,506	18,683	257,658	229,022
	409,200	408,970	616,717	565,615	1,093,286	33,562	334,239	3,461,589	827,818	355,799	4,645,206	5,021,765
Donated food	-	-	3,500	-	22,025	1,856,050	-	1,881,575	-	-	1,881,575	8,413,839
Other direct	15,251	22,157	25,285	16,580	90,213	4,818	52,807	227,111	161,740	132,086	520,937	814,560
Senior volunteer costs	-	-	-	-	-	-	445,170	445,170	-	-	445,170	445,490
Occupancy	63,501	27,728	51,091	11,271	81,309	2,048	23,584	260,532	43,898	10,537	314,967	432,648
Individual assistance	-	-	48,002	-	58,817	68,039	-	174,858	-	-	174,858	345,874
Transportation	5,642	8,571	11,290	3,280	19,003	5,433	4,673	57,892	14,851	2,539	75,282	125,032
	493,594	467,426	755,885	596,746	1,364,653	1,969,950	860,473	6,508,727	1,048,307	500,961	8,057,995	15,599,208
Depreciation	5,730	2,251	14,430	363	15,835	5,801	2,988	47,398	7,979	1,710	57,087	82,699
Total 2020 expenses	<u>\$ 499,324</u>	<u>\$ 469,677</u>	<u>\$ 770,315</u>	<u>\$ 597,109</u>	<u>\$ 1,380,488</u>	<u>\$ 1,975,751</u>	<u>\$ 863,461</u>	<u>\$ 6,556,125</u>	<u>\$ 1,056,286</u>	<u>\$ 502,671</u>	<u>\$ 8,115,082</u>	
Total 2019 expenses	<u>\$ 429,090</u>	<u>\$ 396,470</u>	<u>\$ 866,505</u>	<u>\$ 457,228</u>	<u>\$ 1,231,503</u>	<u>\$ 9,865,983</u>	<u>\$ 788,775</u>	<u>\$ 14,035,554</u>	<u>\$ 1,152,931</u>	<u>\$ 493,422</u>		<u>\$ 15,681,907</u>

See accompanying notes to consolidated financial statements

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

**Consolidated Statement of Cash Flows
Year Ended December 31, 2020**

With Summarized Comparative Totals for Year Ended December 31, 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 1,202,897	\$ (712,692)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	57,087	82,699
Loss on disposal of assets	-	2,990
Net realized and unrealized gains on investments	(756,181)	(782,847)
In-kind donations of food for distribution	(1,856,050)	(8,847,685)
Distribution of food received in-kind	1,856,050	8,288,837
Donation of property and equipment	321,657	73,150
Donation of food inventory	-	1,540,856
Changes in:		
Accounts receivable, net	(76,208)	72,193
Contributions receivable	(123,759)	215,541
Prepaid expenses	34,960	(222,545)
Accounts payable and accrued expenses	<u>(99,430)</u>	<u>54,138</u>
Net cash provided (used) by operating activities	<u>561,023</u>	<u>(235,365)</u>
Cash flows from investing activities		
Purchase of property and equipment	-	(9,646)
Purchase of investments	(337,318)	(58,551)
Proceeds from sale of investments	<u>42,275</u>	<u>337,898</u>
Net cash provided (used) by investing activities	<u>(295,043)</u>	<u>269,701</u>
Cash flows provided by financing activities		
Proceeds from Paycheck Protection Program loan	<u>664,800</u>	<u>-</u>
Net change in cash and cash equivalents	930,780	34,336
Cash and cash equivalents, beginning of year	<u>441,205</u>	<u>406,869</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,371,985</u></u>	<u><u>\$ 441,205</u></u>

See accompanying notes to consolidated financial statements

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Catholic Charities of Southwestern Ohio and Subsidiary (the Organization) is a ministry of the Archdiocese of Cincinnati serving the poor and vulnerable of the community. The Organization's mission is to enlighten, serve and empower their clients, benefactors and others who join with the Organization in living the mission of Christ.

Su Casa Hispanic Center, LLC (an Ohio limited liability corporation) was formed in 2013 and is a wholly owned subsidiary of Catholic Charities of Southwestern Ohio. Su Casa Hispanic Center was formed for the purpose of separating the operations of the Su Casa Hispanic Center from the general operations of Catholic Charities of Southwestern Ohio.

The Organization seeks revenues adequate to support its programs. Principal providers of funds are the United Way, the Archdiocese of Cincinnati and the Catholic Ministries Appeal, the federal government in the form of grants, other governmental agencies and many legacies, bequests and donations.

Mental Health Services are provided to individuals that exhibit symptoms that could require mental health counseling. These services are provided to individuals, families and groups. A sliding cost of service is available to those who are eligible and meet certain income requirements to help subsidize the costs.

Family Services finds ways to heal broken families and hurting children by providing programs for early childhood mental health intervention, parenting education, personal and family growth, and postponing sexual involvement.

Refugee Resettlement provides services to resettle refugees who are fleeing war, persecution, and economically devastated lands. The goal is to provide these individuals with the resources they need to be self-sustainable through housing, employment and language skills.

Language Services coordinates language professionals from the Organization to provide face-to-face interpretation services to non-English speakers or individuals with limited English proficiency to ensure they can access legal, educational, healthcare and other social services.

Su Casa Hispanic Center is the primary provider of social, educational, language, employment and health care federal services to the Hispanic/Latino community in Greater Cincinnati. The mission of Su Casa is to promote self-sufficiency for the Hispanic/Latino immigrant community that comes to the U.S. looking for a better way of life for their families.

Food Bank served individuals through food distribution to member agencies, including pantries, soup kitchens, and other agencies through December 31, 2019. For 2020 and 2019, the Organization also served individuals through the operation of mobile food pantries and direct cash assistance to individuals in need.

Senior Services provides opportunities for meaning and value for seniors through five key programs: Caregiver Assistance Network, Foster Grandparent Program, Senior Companion Program and Retired Senior Volunteer Program.

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Notes to the Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation

The accompanying financial statements include the assets, liabilities and financial activities of Catholic Charities of Southwestern Ohio and Su Casa Hispanic Center, LLC (collectively, the Organization). All significant inter-organizational balances and transactions have been eliminated for purposes of this presentation.

Financial Statement Presentation

The financial statements include certain prior year summarized comparative information that does not constitute a presentation in conformity with accounting principles generally accepted in the United States of America. This includes summarized revenues, expenses, gains and losses in total but not by net asset class as well as summarized expenses by nature and by function separately rather than in one location. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019 from which the comparative information was derived.

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which are available for use in general operations and not subject to donor restrictions; and net assets with donor restrictions, which are either temporary in nature, such as those that will be met by the passage of time or other events specified by the donor, or are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Fair Value Measurements

GAAP has a three-level hierarchy for fair value measurements based on transparency of valuation inputs as of the measurement date. The hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows: Level 1 inputs are unadjusted quoted prices for identical assets in active markets; Level 2 inputs are observable quoted prices for similar assets in active markets; Level 3 inputs are unobservable and reflect management's best estimate of what market participants would use as fair value.

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash and cash equivalents. At December 31, 2020 and 2019, cash and cash equivalents consisted primarily of deposits in the Archdiocese of Cincinnati pooled investment fund. The Archdiocese of Cincinnati maintains a cash management system in which certain parishes and related organizations of the Archdiocese of Cincinnati may participate. This money management system is administered by a bank trust department and funds deposited by each participant are swept into a pooled investment fund on a daily basis. The Archdiocese of Cincinnati pooled investment fund consisted of cash, money market funds and long-term securities.

The Organization maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Notes to the Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Account Receivable

The Organization states its accounts receivable net of an allowance for doubtful accounts. On a periodic basis, the Organization evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs, collections and current credit conditions. No allowance for doubtful accounts is deemed necessary at December 31, 2020 and 2019.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Other investments are valued at the lower of cost or fair value. Investment return includes dividends, interest and realized and unrealized gains and losses on investments, net of investment expenses.

Interest in trust investments consist of investments in unregistered investment pools, which are not valued upon quoted market prices. The unregistered investment pools invest in various equity and debt securities and other vehicles to generate its investment return. These funds record investments at net asset value per share (NAV) as reported by fund managers, which represent the Organization's proportionate interest in the capital of the invested funds.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statement of activities as net assets without donor restrictions or net assets with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Risks and Uncertainties

The Organization's investments are exposed to various risks, such as credit, market and interest rate. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position at December 31, 2020. However, the diversification of the Organization's investments among various asset classes should mitigate the impact of any adverse changes on any one asset class. Investments are managed by the Board of Trustees with advice and assistance from investment professionals.

Property and Equipment

Property and equipment are recorded at cost or, if donated or impaired, at fair value at the time of the gift or determination. Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets. Major improvements are capitalized, while maintenance and repairs are expensed as incurred.

In accordance with GAAP, the Organization assesses the recoverability of the carrying amount of property and equipment if certain events or changes occur, such as a significant decrease in market value of the assets or a significant change in operating conditions. Based on its most recent analysis, the Organization believes no impairments existed at December 31, 2020 and 2019.

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Notes to the Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donations and Planned Giving

Gifts of cash and other assets received without donor stipulations are reported as revenue without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenues with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as revenue without donor restrictions.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as revenue with donor restrictions. In the absence of explicit donor stipulations about how long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Government Fees and Grants

Revenues of the Organization consist primarily of Federal, state, and local cost reimbursable grants. The grants are conditional on the Organization incurring allowable expenses in performance of the grants. At December 31, 2020 and 2019 the Organization had remaining available balances on federal and local government conditional grants and contracts of \$734,381 and \$850,220, respectively. Grant revenue is recognized as support to the extent that the related expenses are incurred. Grant funds received in excess of expenses incurred result in the recognition of a refundable advance (liability). Allowable expenses incurred in excess of grant funds received results in recognition of accounts receivable (asset).

Income Taxes

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of Ohio law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization's IRS Form 990 is subject to review and examination by federal and state authorities. The Organization believes it has appropriate support for any tax positions taken, and therefore does not have any uncertain income tax positions that are material to the financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Expenses have been classified based upon the actual direct expenditures and cost allocations. The most significant allocations are salaries and related expenses, which are allocated based on an estimate of time spent by personnel on the related activities, and occupancy, which are allocated to programs based on full time equivalents.

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Notes to the Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

The Organization identifies a contract with a customer for revenue recognition when there is approval and commitment from both parties, the rights of the parties and payment terms are identified, the contract has commercial substance and the collectability of consideration is probable. The Organization evaluates each contract to determine the number of distinct performance obligations in the contract, which requires the use of judgment. To determine the proper revenue recognition method, the Organization evaluates whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as single or more than one performance obligation.

Revenue from contracts with customers is primarily recognized from program service fees for translation services for the year ended December 31, 2020 and for translation services and food and product services for the year ended December 31, 2019. These contracts consist of a single performance obligation as the promise to transfer the service is not separately identifiable from other promises in the contracts and, therefore, not distinct. Revenue from translation services is recognized by the Organization over the time its services are provided to the customer. The Organization generally uses the time elapsed method, an input measure, as it considers it to best depict the simultaneous consumption and delivery of its services. Revenue from food and product services is recognized by the Organization at the point in time the food and product is provided to the customer. The determination of the method by which the Organization measures its progress towards the satisfaction of its performance obligations requires judgment.

The transaction price is stated in the contracts and is known at time of contract inception. There is no variable consideration associated with the Organization's contracts with customers. Contract service fees are generally due within 30 business days of invoicing.

Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating, which will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the Organization's year ending December 31, 2022.

The Organization is evaluating the impact of this ASU on its financial statements.

Reclassifications

Certain 2019 amounts have been reclassified to conform to the 2020 presentation.

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Notes to the Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Organization has evaluated subsequent events through June 18, 2021, which is the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follow as of December 31:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,125,137	\$ 298,122
Accounts receivable, net	507,030	430,822
Contributions receivable	700,226	576,467
Investments	<u>5,387,684</u>	<u>4,606,174</u>
	<u>\$ 7,720,077</u>	<u>\$ 5,911,585</u>

As part of the Organization's liquidity management, it is policy to maintain financial assets to be available as general expenditures, liabilities and other obligations come due. Any donations in excess of short-term operational requirements are invested in short-term investments.

NOTE 3 CONTRIBUTIONS RECEIVABLE

The Organization has recorded the following contributions receivable at December 31:

	<u>2020</u>	<u>2019</u>
United Way	\$ 441,281	\$ 491,436
Other	<u>258,945</u>	<u>85,031</u>
	<u>\$ 700,226</u>	<u>\$ 576,467</u>

All contributions receivable are expected to be collected within one year of the statement of financial position date.

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Notes to the Consolidated Financial Statements (Continued)

NOTE 4 INVESTMENTS AT FAIR VALUE

Investments consisted of the following at December 31:

	2020	2019
Level 2:		
Money market funds	\$ -	\$ 2,427
Interest in The Springfield Foundation Charitable Trust	511,256	490,025
Total Level 2	511,256	492,452
Not subject to fair value hierarchy:		
Interest in Catholic United Investment Trust	5,371,114	4,338,694
	\$ 5,882,370	\$ 4,831,146

The following table provides a reconciliation of investments reported within the statement of financial position that sum to the total of the same such amounts shown in the investments at fair value table above as of December 31:

	2020	2019
Investments	\$ 5,632,370	\$ 4,581,146
Investments restricted by donors for endowment	250,000	250,000
	\$ 5,882,370	\$ 4,831,146

Fair values for money market funds and interest in The Springfield Foundation Charitable Trust are estimated using pricing models or quoted prices of securities with similar characteristics. The Organization holds a portion of its investments in The Springfield Foundation Charitable Trust, which combines the assets for investment and administrative purposes of the Organization and other participating organizations. Net investment income of The Springfield Foundation Charitable Trust (representing interest and dividend income, net investment appreciation or depreciation and trust and administrative fees) is allocated to the participating organizations based on their respective share of The Springfield Foundation Charitable Trust's assets.

Included in the above investments are interests in a trust investment of \$5,371,114 and \$4,338,694 at December 31, 2020 and 2019, respectively, consisting of unregistered investment pools. The investment pools in turn invest in various equity and debt securities and other vehicles to generate its investment return. The fair value of these investment pools is reported by the Organization based on information provided by the investment managers. Values may be based on readily available public market data as well as estimates that require varying degrees of judgment. Generally, fair value reflects net contributions to the investee and an ownership share of realized and unrealized investment income and expense. The financial statements of the investee are prepared consistent with the measurement principles of an investment company or have the attributes of an investment company. The financial statements are audited annually by independent auditors as of December 31 with the most recent being as of December 31, 2020 and 2019, respectively.

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Notes to the Consolidated Financial Statements (Continued)

NOTE 4 INVESTMENTS AT FAIR VALUE (CONTINUED)

Valuations for these investment pools provided by the investment managers are evaluated by the Organization, and management believes such values are reasonable for the years ended December 31, 2020 and 2019. The Organization used net asset value per share (NAV) as a practical expedient to determine the fair value of this investment, which is not required to be categorized using the fair value hierarchy.

The following table lists the investment in other investment companies by major category:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
December 31, 2020				
Interest in Catholic United Investment Trust	\$ 5,371,114	\$ -	daily	zero days
December 31, 2019				
Interest in Catholic United Investment Trust	\$ 4,338,694	\$ -	daily	zero days

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Furniture and fixtures	\$ 361,111	\$ 394,803
Computer equipment	198,052	221,609
Automobiles	77,935	129,669
Software license fee	51,562	71,862
Building improvements	14,717	25,453
Building	-	427,542
Warehouse equipment	-	113,070
	<u>703,377</u>	<u>1,384,008</u>
Less accumulated depreciation	<u>(529,466)</u>	<u>(831,353)</u>
	<u>\$ 173,911</u>	<u>\$ 552,655</u>

NOTE 6 PAYCHECK PROTECTION PROGRAM (PPP) LOAN

On May 8, 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program (the "Program"), a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender, for an aggregate principal amount of \$664,800 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first nine months of principal and interest deferred, has a term of two years, and is unsecured and guaranteed by the SBA. The principal amount of the PPP Loan is subject to forgiveness under the Program upon the Organization's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization. The Organization elected to apply debt guidance pursuant to the Accounting Standards Codification (ASC) 470 to recognize the PPP Loan. Prior to December 31, 2020, the Organization has applied for forgiveness from the SBA for the full PPP Loan. In March 2021, the Organization received notification from the SBA of full loan forgiveness. The Organization has made a policy election to classify the full amount of the loan as current debt.

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

**Notes to the Consolidated Financial Statements
(Continued)**

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following periods or purposes at December 31:

	<u>2020</u>	<u>2019</u>
For use in future periods	\$ 441,281	\$ 491,436
Restricted as to purpose:		
Other programs	80,064	31,500
SuCasa	116,065	108,934
Immigration legal	25,000	-
Food For All	22,044	-
Gifts of the Magi program	3,674	2,649
Donor-restricted endowment subject to spending policy and appropriation	<u>494,686</u>	<u>474,972</u>
	<u><u>\$ 1,182,814</u></u>	<u><u>\$ 1,109,491</u></u>

As of December 31, 2020 and 2019, \$250,000 of net assets with donor restrictions are restricted to investment in perpetuity, the income from which is expendable to support counseling and direct assistance to women in poverty.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the passage of time or other events specified by the donors. Amounts for the years ended December 31 are as follows:

	<u>2020</u>	<u>2019</u>
Expiration of time restrictions	\$ 491,436	\$ 634,518
Satisfaction of purpose restrictions:		
Other programs	31,500	123,187
SuCasa	76,036	112,873
Gifts of the Magi program	-	12,673
Appropriated earnings on donor-restricted endowment	<u>25,000</u>	<u>15,000</u>
	<u><u>\$ 623,972</u></u>	<u><u>\$ 898,251</u></u>

NOTE 8 RELATED PARTY

The Organization paid expenses of \$7,800 and \$15,600 in 2020 and 2019, respectively, to the Archdiocese of Cincinnati. The Organization received \$1,294,056 and \$1,399,584 in 2020 and 2019, respectively, of public support from the Archdiocese of Cincinnati. No amounts are due to or receivable from the Archdiocese of Cincinnati as of December 31, 2020 and 2019

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Notes to the Consolidated Financial Statements (Continued)

NOTE 9 FOOD BANK OPERATIONS

The Organization operated the Second Harvest Food Bank (SHFB) to serve approximately 100 nonprofit food pantries and other meal sites in Champaign, Clark and Logan counties. The Organization transferred the operations to the Ohio Tri-County Food Alliance (OTCFA) in the years 2018 – 2020. During that transition period, the Springfield Building was donated to the OTCFA in October 2018 and leased back to the Organization for \$1 per year. Various food inventory, property and equipment associated with the food bank operations were donated to the OTCFA during the transition years of 2018 - 2020. The Organization continued to operate the SHFB thru December 31, 2019. During the two transitional years, the OTCFA partially funded the Organization's operation of the SHFB. In 2020, once OTCFA was fully operating the SHFB, the Organization donated the remaining personal property and trade name to OTCFA, and the lease terminated.

NOTE 10 EMPLOYEE BENEFIT PLANS

The Organization participates in the Archdiocese of Cincinnati 401(k) plan. Employees are able to make elective deferrals. In addition, the Organization contributes 4% of compensation for eligible employees. During 2020 and 2019, contributions expensed by the Organization were \$113,513 and \$110,012, respectively.

NOTE 11 LEASES

The Organization maintains operating leases under varying terms for office space and equipment through 2025.

Future minimum lease payments as of December 31, 2020 are as follows:

2021	\$ 254,936
2022	214,648
2023	201,194
2024	206,274
2025	211,494
	<u>\$ 1,088,546</u>

Total rent expense was approximately \$330,000 and \$360,000 for the years ended December 31, 2020 and 2019, respectively.

NOTE 12 ENDOWMENT FUNDS

The Organization's endowment consists of a donor-restricted endowment fund to provide income for operations. During 2019, the Board of Directors released an endowment designation in place and therefore there are no board-designated endowment funds at December 31, 2020 and 2019. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Notes to the Consolidated Financial Statements (Continued)

NOTE 12 ENDOWMENT FUNDS (CONTINUED)

Interpretation of Relevant Law

The Organization follows the Ohio Prudent Management of Institutional Funds Act (OPMIFA). The Organization has interpreted OPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the original value of donated gifts to the donor-restricted endowment funds and the original value of subsequent gifts are classified as net asset with donor restrictions (a time restriction in perpetuity). Investment return from the donor-restricted endowment funds is classified as net assets with donor restrictions (a purpose restriction) until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by OPMIFA.

In accordance with OPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund; the purposes of the Organization and the donor-restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the Organization; and the investment policies of the Organization.

Investment Policy

The Organization has adopted investment and spending policies for endowment assets that attempt to provide consistent long-term growth of capital, without undue exposure to risk. A secondary focus shall be to achieve annualized total return (net of fees and expenses), through appreciation and income, greater than the rate of inflation plus fund distributions. The return objective shall be accomplished using a strategy of cash equivalents, fixed income securities and equities in a mix which is conducive to participation in rising markets while allowing for protection in falling markets. The performance objectives will be measured against appropriate industry benchmarks such as the S&P 500 Index, Russell 2000 Stock Index, MSCI EAFE Index, and the Barclays US Aggregate Bond Index.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

The Organization has a policy of appropriating for distribution each year four percent of its previous three-year moving average of the market value of the endowment assets. The Board of Trustees can authorize additional spending from the Board-designated endowment as it deems appropriate. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, this spending policy should, over time, protect the inflation-adjusted value of the endowment and, consequently, allow inflation-adjusted spending to occur into the distant future. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

**Notes to the Consolidated Financial Statements
(Continued)**

NOTE 12 ENDOWMENT FUNDS (CONTINUED)

Endowment Net Asset Composition

Endowment net asset composition by type of fund is as follows at December 31:

	<u>2020</u>	<u>2019</u>
Without donor restrictions	<u>\$ -</u>	<u>\$ -</u>
With donor restrictions		
Donor-restricted endowment, at historic value, restricted in perpetuity	250,000	250,000
Accumulated net appreciation of donor-restricted endowment	<u>244,686</u>	<u>224,972</u>
Total with donor restrictions	<u>494,686</u>	<u>474,972</u>
Total endowment net assets	<u>\$ 494,686</u>	<u>\$ 474,972</u>

Changes in Endowment Net Assets

Changes in endowment net assets are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
December 31, 2018	\$ 3,866,110	\$ 424,324	\$ 4,290,434
Investment return, net	772,585	65,648	838,233
Contributions	-	-	-
Appropriated for distribuion	(300,000)	(15,000)	(315,000)
Board release of endowment designation	<u>(4,338,695)</u>	<u>-</u>	<u>(4,338,695)</u>
December 31, 2019	-	474,972	474,972
Investment return, net	-	44,714	44,714
Contributions	-	-	-
Appropriated for distribuion	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>
December 31, 2020	<u>\$ -</u>	<u>\$ 494,686</u>	<u>\$ 494,686</u>

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Notes to the Consolidated Financial Statements (Continued)

NOTE 13 COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization (“WHO”) recognized COVID-19 as a global pandemic, prompting many national, regional and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy. Consequently, there was disruption in the Organization’s programs and impacts to its revenues in 2020.

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Organization’s business and financial results will depend on future developments, including the duration and spread of the outbreak within the market in which the Organization operates and the related impact on consumer confidence and spending, all of which are highly uncertain.

SUPPLEMENTARY INFORMATION

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	Passed through to Subrecipients
Corporation for National and Community Service:				
Foster Grandparent/Senior Companion Cluster:				
Foster Grandparent Program	94.011	N/A	\$ 373,157	\$ -
Senior Companion Program	94.016	N/A	316,043	-
Total Foster Grandparent/Senior Companion Cluster			689,200	-
Retired and Senior Volunteer Program	94.002	N/A	23,872	-
Total Corporation for National and Community Service			713,072	-
Department of Health and Human Services				
<i>Passed through The Oasis Institute</i>				
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects				
	93.048	90CCDG0001-01-00	8,956	-
<i>Passed through Council on Aging of Southwestern Ohio</i>				
National Family Caregiver Support, Title III, Part E				
	93.052	N/A	33,240	-
<i>Passed through United States Conference of Catholic Bishops</i>				
Voluntary Agencies Matching Grant Program				
	93.567	MGCIN19 / MGCIN20	28,618	-
Refugee and Entrant Assistance Discretionary Grants				
	93.576	90RP 0111-04-00	25,867	-
Unaccompanied Children's Services Program				
	93.676	90ZU0191	133,214	-
<i>Passed through Ohio Department of Job and Family Services</i>				
Refugee Social Service Program				
	93.566	G-1819-17-0595 / G-2021-17-0231	242,050	-
Refugee Social Service Program				
	93.566	G-2021-17-0357	60,764	-
Refugee Health Promotion Program				
	93.576	G-1819-17-0447 / G-2021-17-0353	12,032	-
<i>Passed through Lutheran Immigration and Refugee Service</i>				
Foster Care and Safe Release Support Services				
	93.676	358-19-CCOH-00	200,287	-
Total Department of Health and Human Services			745,028	-
Department of Homeland Security				
Emergency Food and Shelter National Board Program				
	97.024	N/A	39,135	-
Department of State				
<i>Passed through Untied States Conference of Catholic Bishops</i>				
U.S. Refugee Admissions Program				
	19.510	RPCIN19 / RPCIN20	91,842	-
Department of the Treasury				
<i>Passed through Hamilton County, Ohio</i>				
Coronavirus Relief Fund				
	21.019	N/A	38,447	-
Total Expenditures of Federal Awards			\$ 1,627,524	\$ -

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

Notes to the Schedule of Expenditures of Federal Awards Year Ended December 31, 2020

NOTE 1 BASIS OF PRESENTATION

The supplementary schedule of expenditures of federal awards includes the federal grant activity of Catholic Charities of Southwestern Ohio and Subsidiary for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 INDIRECT COST RATE

Catholic Charities of Southwestern Ohio and Subsidiary has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**INDEPENDENT AUDITORS' REPORT 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**

The Board of Directors
Catholic Charities of Southwestern Ohio and Subsidiary
Cincinnati, Ohio

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Catholic Charities of Southwestern Ohio and Subsidiary (the Organization) (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 18, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated 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 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's consolidated financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is 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 would not necessarily 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of 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 consolidated 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*.

**INDEPENDENT AUDITORS' REPORT 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
(CONTINUED)**

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.

Barnes, Dennig & Co., Ltd.

Cincinnati, Ohio
June 18, 2021

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

The Board of Directors
Catholic Charities of Southwestern Ohio and Subsidiary
Cincinnati, Ohio

Report on Compliance for Each Major Federal Program

We have audited Catholic Charities of Southwestern Ohio and Subsidiary'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, 2020. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. 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 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Program

In our opinion, Catholic Charities of Southwestern Ohio and Subsidiary complied, in all material respects, with the 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, 2020.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Cincinnati, Ohio
June 18, 2021

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2020**

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 No
- Significant deficiency(ies) identified that is not considered to be a material weakness? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be a material weakness? Yes 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 *Title 2 U.S. CFR Section 200.516(a)*? Yes No

Identification of Major Program

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
94.011/94.016	Foster Grandparent/Senior Companion Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee Yes No

Section II – Financial Statement Findings

No matters are reportable

Section III – Federal Award Findings and Questioned Costs

No matters are reportable

CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

**Summary Schedule of Prior Audit Findings
Year Ended December 31, 2020**

Reference Number	Summary of Finding	Status
	No matters are reportable	