

# **Catholic Charities of Southwestern Ohio and Subsidiary**

**Consolidated Financial Statements with Supplementary Information  
December 31, 2019 with Summarized Comparative Totals for 2018 and  
Independent Auditors' Report**

**CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY**

**December 31, 2019**

**With Summarized Comparative Totals for December 31, 2018**

**CONTENTS**

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|   | <b><u>PAGE(S)</u></b> |
|---|-----------------------|
| Independent Auditors' Report  | 1 - 2                 |
| Financial Statements  |                       |
| Consolidated Statement of Financial Position  | 3                     |
| Consolidated Statement of Activities  | 4                     |
| Consolidated Statement of Functional Expenses   | 5                     |
| Consolidated Statement of Cash Flows  | 6                     |
| Notes to Consolidated Financial Statements  | 7 – 22                |
| Supplementary Information:  |                       |
| Consolidating Schedule of Financial Position by Area Office   | 23                    |
| Consolidating Schedule of Activities by Area Office   | 24                    |
| Schedule of Expenditures of Federal Awards  | 25                    |
| Notes to the Schedule of Expenditures of Federal Awards   | 26                    |
| 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 <i>Government Auditing Standards</i> | 27 – 28               |
| Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance  | 29 – 30               |
| Schedule of Findings and Questioned Costs   | 31                    |
| Summary Schedule of Prior Audit Findings  | 32                    |

## **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, 2019, 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, 2019, 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)**

***Effect of Adopting a New Accounting Standard***

As discussed in Note 1 to the consolidated financial statements, Catholic Charities of Southwestern Ohio and Subsidiary has adopted Accounting Standards Update (ASU) 2014-09 – *Revenue from Contracts with Customers (Topic 606)*, ASU 2018-08 - *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* and ASU 2018-15 - *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*. Our opinion is not modified with respect to these matters.

***Report on Summarized Comparative Information***

We have previously audited Catholic Charities of Southwestern Ohio and Subsidiary's 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 31, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, 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 supplemental consolidating schedules of financial position and activities by area offices and 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*, are presented for purposes of additional analysis and are 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 19, 2020 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 19, 2020

**CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY**

**Consolidated Statement of Financial Position  
December 31, 2019 with Summarized Comparative Totals for December 31, 2018**

|  | 2019         | 2018         |
|--|--------------|--------------|
| <b>Assets</b>                                  |              |              |
| Cash and cash equivalents                      | \$ 441,205   | \$ 406,869   |
| Accounts receivable, net                       | 430,822      | 503,015      |
| Contributions receivable                       | 576,467      | 792,008      |
| Prepaid expenses                               | 359,253      | 136,708      |
| Inventory                                      | -            | 982,008      |
| Investments                                    | 4,581,146    | 4,077,646    |
| Investments restricted by donors for endowment | 250,000      | 250,000      |
| Property and equipment, net                    | 552,655      | 701,848      |
| Total assets                                   | \$ 7,191,548 | \$ 7,850,102 |
| <b>Liabilities and Net Assets</b>              |              |              |
| <b>Liabilities</b>                             |              |              |
| Accounts payable and accrued expenses          | \$ 485,157   | \$ 431,019   |
| Total liabilities                              | 485,157      | 431,019      |
| <b>Net Assets</b>                              |              |              |
| Without donor restrictions                     | 5,596,900    | 6,129,859    |
| With donor restrictions                        | 1,109,491    | 1,289,224    |
| Total net assets                               | 6,706,391    | 7,419,083    |
| Total liabilities and net assets               | \$ 7,191,548 | \$ 7,850,102 |

See accompanying notes to consolidated financial statements

**CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY**

**Consolidated Statement of Activities  
Year Ended December 31, 2019 with Summarized Comparative Totals for Year Ended 2018**

|   | Without Donor<br>Donor Restrictions | With Donor<br>Restrictions | 2019<br>Total       | 2018<br>Total       |
|---|-------------------------------------|----------------------------|---------------------|---------------------|
| <b>Revenue, gains and other support</b>       |                                     |                            |                     |                     |
| Donations, grants and planned giving          | \$ 3,119,743                        | \$ 140,434                 | \$ 3,260,177        | \$ 3,396,211        |
| United Way                                    | 94,827                              | 512,436                    | 607,263             | 737,901             |
| Donated food for distribution                 | 8,847,685                           | -                          | 8,847,685           | 8,036,091           |
| Governmental grants and fees                  | 2,250,600                           | -                          | 2,250,600           | 2,211,848           |
| Program service fees                          | 563,927                             | -                          | 563,927             | 322,481             |
| Investment income, net                        | 129,334                             | 7,129                      | 136,463             | 178,207             |
| Special events                                | 173,767                             | -                          | 173,767             | 148,350             |
| Other revenue and support                     | 40,043                              | -                          | 40,043              | 321,120             |
| Net assets released from restriction          | 898,251                             | (898,251)                  | -                   | -                   |
| <b>Total revenue, gains and other support</b> | <b>16,118,177</b>                   | <b>(238,252)</b>           | <b>15,879,925</b>   | <b>15,352,209</b>   |
| <b>Expenses</b>                               |                                     |                            |                     |                     |
| Donated food expense                          | 8,413,839                           | -                          | 8,413,839           | 8,311,827           |
| Salaries and related expenses                 | 5,021,765                           | -                          | 5,021,765           | 5,102,636           |
| Other direct                                  | 814,560                             | -                          | 814,560             | 775,559             |
| Senior volunteer costs                        | 445,490                             | -                          | 445,490             | 489,334             |
| Individual assistance                         | 345,874                             | -                          | 345,874             | 421,851             |
| Occupancy                                     | 432,648                             | -                          | 432,648             | 467,458             |
| Depreciation                                  | 82,699                              | -                          | 82,699              | 125,553             |
| Transportation                                | 125,032                             | -                          | 125,032             | 134,196             |
| <b>Total expenses</b>                         | <b>15,681,907</b>                   | <b>-</b>                   | <b>15,681,907</b>   | <b>15,828,414</b>   |
| <b>Change in net assets from operations</b>   | <b>436,270</b>                      | <b>(238,252)</b>           | <b>198,018</b>      | <b>(476,205)</b>    |
| <b>Non-operating gains (losses):</b>          |                                     |                            |                     |                     |
| Net unrealized gains (losses) on investments  | 644,777                             | 58,519                     | 703,296             | (393,006)           |
| Donation of property and equipment            | (73,150)                            | -                          | (73,150)            | (775,991)           |
| Donation of food inventory                    | (1,540,856)                         | -                          | (1,540,856)         | -                   |
| Gain on pension settlement                    | -                                   | -                          | -                   | 3,136,207           |
| Actuarial gain on pension plan                | -                                   | -                          | -                   | 127,065             |
| <b>Change in net assets</b>                   | <b>(532,959)</b>                    | <b>(179,733)</b>           | <b>(712,692)</b>    | <b>1,618,070</b>    |
| <b>Net assets, beginning of year</b>          | <b>6,129,859</b>                    | <b>1,289,224</b>           | <b>7,419,083</b>    | <b>5,801,013</b>    |
| <b>Net assets, end of year</b>                | <b>\$ 5,596,900</b>                 | <b>\$ 1,109,491</b>        | <b>\$ 6,706,391</b> | <b>\$ 7,419,083</b> |

See accompanying notes to consolidated financial statements

## CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

### Consolidated Statement of Functional Expenses Year Ended December 31, 2019 with Summarized Comparative Totals for Year Ended December 31, 2018

|                        | Mental Health Services | Family Services   | Refugee Resettlement | Language Services | Su Casa Hispanic Center | Food Bank           | Senior Services   | Total Program Services | Management and General | Fundraising       | 2019 Totals          | 2018 Totals          |
|------------------------|------------------------|-------------------|----------------------|-------------------|-------------------------|---------------------|-------------------|------------------------|------------------------|-------------------|----------------------|----------------------|
| Salaries and wages     | \$ 218,724             | \$ 253,433        | \$ 389,612           | \$ 172,394        | \$ 656,096              | \$ 403,358          | \$ 198,387        | \$ 2,292,004           | \$ 652,052             | \$ 219,697        | \$ 3,163,753         | \$ 3,307,052         |
| Employee benefits      | 39,780                 | 49,042            | 139,841              | 58,087            | 195,853                 | 133,291             | 53,902            | 669,796                | 114,436                | 52,479            | 836,711              | 973,283              |
| Professional fees      | 65,933                 | 15,319            | 77,519               | 180,425           | 26,774                  | 284,696             | 13,403            | 664,069                | 71,469                 | 56,741            | 792,279              | 545,332              |
| Payroll taxes          | 16,938                 | 19,728            | 29,884               | 12,853            | 51,178                  | 34,525              | 15,988            | 181,094                | 31,332                 | 16,596            | 229,022              | 276,969              |
|                        | <u>341,375</u>         | <u>337,522</u>    | <u>636,856</u>       | <u>423,759</u>    | <u>929,901</u>          | <u>855,870</u>      | <u>281,680</u>    | <u>3,806,963</u>       | <u>869,289</u>         | <u>345,513</u>    | <u>5,021,765</u>     | <u>5,102,636</u>     |
| Donated food           | -                      | -                 | -                    | -                 | 59,966                  | 8,353,873           | -                 | 8,413,839              | -                      | -                 | 8,413,839            | 8,311,827            |
| Other direct           | 17,202                 | 25,302            | 29,966               | 20,382            | 97,438                  | 241,288             | 39,531            | 471,109                | 208,084                | 135,367           | 814,560              | 775,559              |
| Senior volunteer costs | -                      | -                 | -                    | -                 | -                       | -                   | 445,490           | 445,490                | -                      | -                 | 445,490              | 489,334              |
| Individual assistance  | -                      | -                 | 105,056              | -                 | 12,814                  | 226,533             | 21                | 344,424                | 1,250                  | 200               | 345,874              | 421,851              |
| Occupancy              | 56,501                 | 20,848            | 59,606               | 9,639             | 95,211                  | 113,477             | 15,336            | 370,618                | 53,276                 | 8,754             | 432,648              | 467,458              |
| Transportation         | 7,773                  | 11,243            | 17,706               | 3,422             | 19,746                  | 44,613              | 4,979             | 109,482                | 13,112                 | 2,438             | 125,032              | 134,196              |
|                        | <u>422,851</u>         | <u>394,915</u>    | <u>849,190</u>       | <u>457,202</u>    | <u>1,215,076</u>        | <u>9,835,654</u>    | <u>787,037</u>    | <u>13,961,925</u>      | <u>1,145,011</u>       | <u>492,272</u>    | <u>15,599,208</u>    | <u>15,702,861</u>    |
| Depreciation           | 6,239                  | 1,555             | 17,315               | 26                | 16,427                  | 30,329              | 1,738             | 73,629                 | 7,920                  | 1,150             | 82,699               | 125,553              |
| 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> |                      |
| Total 2018 expenses    | <u>\$ 887,722</u>      | <u>\$ 435,803</u> | <u>\$ 911,787</u>    | <u>\$ 223,711</u> | <u>\$ 1,127,573</u>     | <u>\$ 9,909,113</u> | <u>\$ 783,609</u> | <u>\$ 14,279,318</u>   | <u>\$ 1,019,779</u>    | <u>\$ 529,317</u> |                      | <u>\$ 15,828,414</u> |

See accompanying notes to consolidated financial statements

**CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY**

**Consolidated Statement of Cash Flows  
Year Ended December 31, 2019 with Summarized Comparative Totals for Year Ended  
December 31, 2018**

|  | <u>2019</u>              | <u>2018</u>              |
|--|--------------------------|--------------------------|
| <b>Cash flows from operating activities</b>  |                          |                          |
| Change in net assets   | \$ (712,692)             | \$ 1,618,070             |
| Adjustments to reconcile change in net assets to net cash from operating activities: |                          |                          |
| Depreciation   | 82,699                   | 125,553                  |
| Loss on disposal of assets   | 2,990                    | -                        |
| Net realized and unrealized (gains) losses on investments                            | (782,847)                | 285,255                  |
| In-kind donations of food for distribution   | (8,847,685)              | (8,036,091)              |
| Distribution of food received in-kind  | 8,288,837                | 8,274,854                |
| Gain on pension plan   | -                        | (3,263,272)              |
| Donation of property and equipment   | 73,150                   | 775,991                  |
| Donation of food inventory   | 1,540,856                | -                        |
| Changes in:  |                          |                          |
| Accounts receivable, net   | 72,193                   | (26,968)                 |
| Contributions receivable   | 215,541                  | (47,821)                 |
| Prepaid expenses   | (222,545)                | (28,145)                 |
| Accounts payable and accrued expenses  | 54,138                   | (32,952)                 |
| Accrued retirement expenses  | -                        | (117,001)                |
| Net cash used in operating activities  | <u>(235,365)</u>         | <u>(472,527)</u>         |
| <b>Cash flows from investing activities</b>  |                          |                          |
| Purchase of property and equipment   | (9,646)                  | (31,358)                 |
| Purchase of investments  | (58,551)                 | (76,027)                 |
| Proceeds from sale of investments  | 337,898                  | 478,809                  |
| Net cash provided by investing activities  | <u>269,701</u>           | <u>371,424</u>           |
| <b>Net change in cash and cash equivalents</b>                                       | 34,336                   | (101,103)                |
| <b>Cash and cash equivalents, beginning of year</b>                                  | <u>406,869</u>           | <u>507,972</u>           |
| <b>Cash and cash equivalents, end of year</b>  | <u><u>\$ 441,205</u></u> | <u><u>\$ 406,869</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 serves individuals through food distribution to member agencies, including pantries, soup kitchens, and other agencies. It also operates two food pantries, a mobile food pantry and provides 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, Northern Brown Senior Center, 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 consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018 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, 2019 and 2018, 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, 2019 and 2018.

#### *Inventory and Donated Food for Distribution*

Donated food for distribution is reflected as a contribution in the accompanying financial statements at their fair value at date of receipt. Receipt and subsequent disbursement of donated food for distribution is shown in the statement of activities at \$1.62 and \$1.68 per pound in 2019 and 2018, respectively, for revenue and expense resulting in zero gross margins. Donated food for distribution on hand at year end is reported as inventory in the statement of financial position at \$1.68 per pound at December 31, 2018. There was no inventory on hand at December 31, 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.

The Organization's investments consist of common stocks, money markets and various equity and debt securities. Investment securities 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, 2019. 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.

# CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

## Notes to the Consolidated Financial Statements (Continued)

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***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, 2019 and 2018.

#### ***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, 2019 and 2018 the Organization had remaining available balances on federal and local government conditional grants and contracts of \$850,220 and \$908,801, 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.

# CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

## Notes to the Consolidated Financial Statements (Continued)

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***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.

#### ***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.

#### ***Effect of Adopting New Accounting Standard***

During 2019, the Organization adopted FASB (Financial Accounting Standards Board) ASU (Accounting Standard Update) 2014-09, *Revenue from Contracts with Customers* (“Topic 606”), which replaces most existing revenue recognition guidance in U.S. GAAP. The ASU also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the ASU using the modified retrospective approach to all contracts that were not completed as of the beginning of 2019. Results for reporting periods beginning after December 31, 2018 are presented under Topic 606, while prior period amounts and disclosures are not adjusted and continue to be reported under the accounting standards in effect for the prior period. The most significant impact of the adoption of Topic 606 is expanded disclosures for revenue recognition.

During 2019 the Organization adopted FASB ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update clarifies and improves current guidance about whether a transfer of assets is a contribution or an exchange transaction. This update clarifies how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. This update also requires that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets. The ASU has been applied using the modified prospective basis for all grants and contracts that were not completed as of January 1, 2019.

# CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

## Notes to the Consolidated Financial Statements (Continued)

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Effect of Adopting New Accounting Standard (Continued)*

During 2019, the Organization early adopted FASB ASU 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement*. This standard helps entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement (hosting arrangement) and aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The Organization adopted the ASU using the prospective approach on January 1, 2019 and has adjusted the presentation of these statements accordingly. In May 2019, the Organization entered into a cloud computing arrangement for a customer relationship management (CRM) platform with an initial term of 5 years and deferred implementation costs of approximately \$250,000. As of December 31, 2019 deferred implementation costs for this arrangement are approximately \$220,000.

#### *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 and food and product services. 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.

# CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

## Notes to the Consolidated Financial Statements (Continued)

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *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 Catholic Charities of Southwestern Ohio and Subsidiary's year ending December 31, 2021.

Catholic Charities of Southwestern Ohio and Subsidiary is evaluating the impact of this ASU on its financial statements.

#### *Reclassifications*

Certain 2018 amounts have been reclassified to conform to the 2019 presentation.

#### *Subsequent Events*

The Organization has evaluated subsequent events through June 19, 2020, 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>2019</u>         | <u>2018</u>         |
|---------------------------|---------------------|---------------------|
| Cash and cash equivalents | \$ 298,122          | \$ 171,182          |
| Accounts receivable, net  | 430,822             | 503,015             |
| Contributions receivable  | 576,467             | 792,008             |
| Investments               | <u>4,356,174</u>    | <u>37,212</u>       |
|                           | <u>\$ 5,661,585</u> | <u>\$ 1,503,417</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. As of December 31, 2018, the Board-designated endowment was \$3,866,110. These funds were designated for use pending the approval of the Board of Directors. Although the Organization does not intend to spend from this fund, these amounts are available for general operations when needed. During 2019 the Board released its designation on this endowment and there is no Board-designated endowment as of December 31, 2019.

## CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

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

#### NOTE 3 CONTRIBUTIONS RECEIVABLE

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

|            | 2019       | 2018       |
|------------|------------|------------|
| United Way | \$ 491,436 | \$ 611,200 |
| Other      | 85,031     | 180,808    |
|            | \$ 576,467 | \$ 792,008 |

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

#### NOTE 4 INVESTMENTS AT FAIR VALUE

Investments consisted of the following at December 31:

|   | 2019         | 2018         |
|---|--------------|--------------|
| <b>Level 2:</b>   |              |              |
| Money market funds                                      | \$ 2,427     | \$ 16,203    |
| Interest in The Springfield Foundation Charitable Trust | 490,025      | 445,333      |
| Total Level 2   | 492,452      | 461,536      |
| <b>Not subject to fair value hierarchy:</b>             |              |              |
| Interest in Catholic United Investment Trust            | 4,338,694    | 3,866,110    |
|   | \$ 4,831,146 | \$ 4,327,646 |

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:

|  | 2019         | 2018         |
|--|--------------|--------------|
| Investments                                    | \$ 4,581,146 | \$ 4,077,646 |
| Investments restricted by donors for endowment | 250,000      | 250,000      |
|  | \$ 4,831,146 | \$ 4,327,646 |

Fair values for common stocks are estimated by reference to quoted market prices available in an active market. 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.

## CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

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

#### NOTE 4 INVESTMENTS AT FAIR VALUE (CONTINUED)

Included in the above investments are interests in a trust investment of \$4,338,694 and \$3,866,110 at December 31, 2019 and 2018, 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, 2019 and 2018, respectively.

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, 2019 and 2018. 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<br/>Value</u> | <u>Unfunded<br/>Commitments</u> | <u>Redemption<br/>Frequency</u> | <u>Redemption<br/>Notice Period</u> |
|--|-----------------------|---------------------------------|---------------------------------|-------------------------------------|
| <b>December 31, 2019</b>                     |                       |                                 |                                 |                                     |
| Interest in Catholic United Investment Trust | <u>\$ 4,338,694</u>   | <u>\$ -</u>                     | daily                           | zero days                           |
| <b>December 31, 2018</b>                     |                       |                                 |                                 |                                     |
| Interest in Catholic United Investment Trust | <u>\$ 3,866,110</u>   | <u>\$ -</u>                     | daily                           | zero days                           |

#### NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

|                               | <u>2019</u>       | <u>2018</u>        |
|-------------------------------|-------------------|--------------------|
| Building                      | \$ 427,542        | \$ 427,543         |
| Furniture and fixtures        | 394,803           | 394,803            |
| Computer equipment            | 221,609           | 211,963            |
| Warehouse equipment           | 113,070           | 124,600            |
| Software license fee          | 71,862            | 71,862             |
| Building improvements         | 25,453            | 25,453             |
| Automobiles                   | <u>129,669</u>    | <u>451,412</u>     |
|                               | 1,384,008         | 1,707,636          |
| Less accumulated depreciation | <u>(831,353)</u>  | <u>(1,075,788)</u> |
|                               | 552,655           | 631,848            |
| Land                          | <u>-</u>          | <u>70,000</u>      |
|                               | <u>\$ 552,655</u> | <u>\$ 701,848</u>  |

**CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY**

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

**NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS**

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

|   | <u>2019</u>                | <u>2018</u>                |
|---|----------------------------|----------------------------|
| For use in future periods   | \$ 491,436                 | \$ 613,518                 |
| Restricted as to purpose:   |                            |                            |
| SuCasa  | 108,934                    | 112,500                    |
| Other programs  | 31,500                     | 123,560                    |
| Gifts of the Magi program   | 2,649                      | 15,322                     |
| Donor-restricted endowment subject to spending policy and appropriation | <u>474,972</u>             | <u>424,324</u>             |
|   | <u><u>\$ 1,109,491</u></u> | <u><u>\$ 1,289,224</u></u> |

As of December 31, 2019 and 2018, \$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>2019</u>              | <u>2018</u>                |
|---|--------------------------|----------------------------|
| Expiration of time restrictions                     | \$ 634,518               | \$ 781,412                 |
| Satisfaction of purpose restrictions:               |                          |                            |
| Other programs                                      | 123,187                  | 130,541                    |
| SuCasa  | 112,873                  | 76,550                     |
| Gifts of the Magi program                           | 12,673                   | 20,596                     |
| Appropriated earnings on donor-restricted endowment | <u>15,000</u>            | <u>20,000</u>              |
|   | <u><u>\$ 898,251</u></u> | <u><u>\$ 1,029,099</u></u> |

**NOTE 7 RELATED PARTY**

The Organization paid rent and other expenses of \$15,600 and \$14,450 in 2019 and 2018, respectively, to the Archdiocese of Cincinnati. The Organization received \$1,399,584 and \$1,691,895 in 2019 and 2018, respectively, of public support from the Archdiocese of Cincinnati.

## CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

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

#### NOTE 8 FOOD BANK OPERATIONS

The Organization operates a food bank in Champaign, Clark and Logan counties, the Second Harvest Food Bank (SHFB), that serves approximately 100 nonprofit food pantries and other meal sites in the area. Food is either donated by various local and national businesses or purchased in large quantities at a discount. The food is then made available to various area pantries and non-profit organizations for a shared maintenance fee. Food bank operations are reported in the statement of functional expenses.

The Organization has served food insecure families with respect and compassion since the initial opening of the SHFB in 1981. In order to continue a high level of service in the community, the Organization has agreed to transition its service to become part of the Ohio Tri-County Food Alliance (OTCFA.) This transfer will occur in years 2018 – 2020. 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 2019 and 2018. 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 is operating the SHFB, the Organization will donate the remaining personal property and trade name to OTCFA, and the lease will terminate.

#### NOTE 9 EMPLOYEE BENEFIT PLANS

Effective January 1, 2012, the Organization began participation 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 2019 and 2018, contributions expensed by the Organization were \$110,012 and \$102,927, respectively.

The Organization had a noncontributory, defined benefit pension plan covering substantially all lay employees. Benefits were based upon years of service and the employee's compensation. Normal retirement age was 65, but provision were made for earlier retirement. During 2011, the Organization froze the plan to new participants and ceased plan benefit accruals for existing participants as of December 31, 2011. On December 14, 2017 the plan received a ruling from the Internal Revenue Service in which they concluded that the plan qualifies as a church plan as defined in §414(e) of the Internal Revenue Code (Code). Effective December 31, 2018, the Organization merged the plan with the Lay Employees of the Archdiocese of Cincinnati Pension Plan (LEP Plan). The Organization made a payment of \$200,000 in 2018 to the LEP Plan to transfer all assets and liabilities of its plan to the LEP Plan.

The measurement dates used for calculating pension obligations were December 31, 2019 and 2018. The accumulated benefit obligation for the pension plan was \$-0- at both December 31, 2019 and 2018 and there were no amounts recognized in the statement of financial position.

**CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY**

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

**NOTE 9 EMPLOYEE BENEFIT PLANS (CONTINUED)**

The following table presents the changes in projected benefit obligation and changes in plan assets:

|  | <u>2019</u>                 | <u>2018</u>                 |
|--|-----------------------------|-----------------------------|
| <b>Changes in benefit obligation:</b>        |                             |                             |
| Benefit obligation, beginning of year        | \$ -                        | \$ 11,736,749               |
| Service cost                                 | -                           | -                           |
| Interest cost                                | -                           | 399,049                     |
| Actuarial (gain) loss                        | -                           | (348,342)                   |
| Gain on pension settlement                   | -                           | (3,136,207)                 |
| Settlements                                  | -                           | (8,034,645)                 |
| Benefits paid                                | -                           | (616,604)                   |
|  | <u>                    </u> | <u>                    </u> |
| Benefit obligation, end of year              | <u>\$ -</u>                 | <u>\$ -</u>                 |
| <b>Changes in plan assets:</b>               |                             |                             |
| Fair value of plan assets, beginning of year | \$ -                        | \$ 8,356,476                |
| Actual return on plan assets                 | -                           | 94,773                      |
| Employer contributions                       | -                           | 200,000                     |
| Settlements                                  | -                           | (8,034,645)                 |
| Benefits paid                                | -                           | (616,604)                   |
|  | <u>                    </u> | <u>                    </u> |
| Fair value of plan assets, end of year       | <u>\$ -</u>                 | <u>\$ -</u>                 |

The components of net periodic benefit costs were as follows:

|   | <u>2019</u>                 | <u>2018</u>                 |
|---|-----------------------------|-----------------------------|
| Service cost                                    | \$ -                        | \$ -                        |
| Interest cost                                   | -                           | 399,049                     |
| Actual return on plan assets                    | -                           | (94,773)                    |
| Net asset gain (loss) amortization and deferral | -                           | (221,277)                   |
|   | <u>                    </u> | <u>                    </u> |
|   | <u>\$ -</u>                 | <u>\$ 82,999</u>            |

The fair value of the Organization's defined benefit pension plan assets were as follows:

|   | <u>2019</u>                 | <u>2018</u>                 |
|---|-----------------------------|-----------------------------|
| <b>Level 2:</b>   |                             |                             |
| Equity securities and mutual funds<br>in pooled separate accounts       | \$ -                        | \$ 4,275,910                |
| Fixed income securities and mutual funds<br>in pooled separate accounts | -                           | 3,459,562                   |
| General account   | -                           | 621,004                     |
|   | <u>                    </u> | <u>                    </u> |
|   | <u>\$ -</u>                 | <u>\$ 8,356,476</u>         |

## CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

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

#### NOTE 9 EMPLOYEE BENEFIT PLANS (CONTINUED)

Following is a description of the valuation approaches used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2018.

Equity and fixed income securities and mutual funds in pooled separate accounts: The net asset value ("NAV") of the pooled separate account is based on the market value of its underlying investments. The pooled separate account is not a publicly-quoted price in an active market.

General account: Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer. The carrying value approximates fair value.

Significant assumptions used in accounting for the pension plan were:

|                                | <u>2019</u> | <u>2018</u> |
|--------------------------------|-------------|-------------|
| Discount rate                  | N/A         | 3.40%       |
| Expected return on plan assets | N/A         | 6.50%       |
| Rate of compensation increase  | N/A         | N/A         |

The expected long-term rate of return on plan assets assumption in 2018 of 6.50% was selected in accordance with Actuarial Standards Board in Actuarial Standards of Practice No. 27 – Selection of Economic Assumptions for Measuring Pension Obligations. Based on investment policy for the pension plan that was in effect as of the beginning of the fiscal year, a best estimate range was determined for both the real rate of return (net of inflation and investment expense) and for inflation based on long term historical return on the applicable asset classes.

The overall investment philosophy of the plan through mid-2018 was to manage plan assets in a prudent, conservative yet productive manner. Fiduciaries with any discretionary authority to manage plan assets sought to increase the value of plan assets while recognizing the need to preserve asset value in order to enhance the ability of the plan to meet its obligations to plan participants and their beneficiaries when due. Preservation of capital was of prime importance and within the stated investment objectives for the plan's assets. Risks, including excessive volatility in the value of plan assets, were minimized. Plan assets were managed to achieve stated objectives over a long-term time horizon. Beginning in mid-2018, the principal goal of the investment of the funds was preservation of principal. There were no plan investments in 2019.

#### NOTE 10 LEASES

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

## CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

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

#### NOTE 10 LEASES (CONTINUED)

Future minimum lease payments are as follows:

|       |                     |
|-------|---------------------|
| 2020  | \$ 308,435          |
| 2021  | 250,646             |
| 2022  | 214,648             |
| 2023  | 201,194             |
| 2024  | 206,274             |
| After | <u>211,494</u>      |
|       | <u>\$ 1,392,691</u> |

Total rent expense was approximately \$360,000 in both 2019 and 2018.

#### NOTE 11 ENDOWMENT FUNDS

The Organization's endowment consists of donor-restricted and board-designated funds established to provide income to operations. As required by GAAP, 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 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.

## CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

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

#### NOTE 11 ENDOWMENT FUNDS (CONTINUED)

##### 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.

##### Endowment Net Asset Composition

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

|  | 2019       | 2018         |
|--|------------|--------------|
| Without donor restrictions   |            |              |
| Board-designated endowment   | \$ -       | \$ 3,866,110 |
| Total without donor restrictions   | -          | 3,866,110    |
| With donor restrictions  |            |              |
| Donor-restricted endowment, at historic value,<br>restricted in perpetuity | 250,000    | 250,000      |
| Accumulated net appreciation of donor-restricted endowment                 | 224,972    | 174,324      |
| Total with donor restrictions  | 474,972    | 424,324      |
| Total endowment net assets   | \$ 474,972 | \$ 4,290,434 |

## CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

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

#### NOTE 11 ENDOWMENT FUNDS (CONTINUED)

##### Changes in Endowment Net Assets

Changes in endowment net assets are as follows:

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total        |
|--|-------------------------------|----------------------------|--------------|
| <b>December 31, 2017</b>               | \$ 4,474,341                  | \$ 454,681                 | \$ 4,929,022 |
| Investment return, net                 | (208,231)                     | (10,357)                   | (218,588)    |
| Contributions                          | -                             | -                          | -            |
| Appropriated for distribuion           | (400,000)                     | (20,000)                   | (420,000)    |
| <b>December 31, 2018</b>               | 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 | (4,338,695)                   | -                          | (4,338,695)  |
| <b>December 31, 2019</b>               | \$ -                          | \$ 474,972                 | \$ 474,972   |

#### NOTE 12 SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States has caused business disruption through mandated restrictions to some of the Organization's programs. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, the Organization expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

On May 11, 2020, the Organization entered into a term note pursuant to the Coronavirus Aid, Relief, and Economic Security Act's (CARES Act) Payroll Protection Program (the Program) for \$664,800. All or a portion of the note may be forgiven in accordance with the Program requirements. Interest on the outstanding principal balance will accrue at a fixed rate of 1.00%, but neither principle or interest are due and payable during the initial 6-month deferral period after issuance. After the initial 6-month deferral period expires, the outstanding principal balance that is not forgiven under the Program will convert to an amortizing loan payable in 18 equal installments of principal.

## **SUPPLEMENTARY INFORMATION**

**CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY**

**Consolidating Schedule of Financial Position by Area Office  
December 31, 2019**

|  | <u>Cincinnati</u>   | <u>Springfield</u> | <u>Eliminations</u>   | <u>Total</u>        |
|--|---------------------|--------------------|-----------------------|---------------------|
| <b>Assets</b>                                  |                     |                    |                       |                     |
| Cash and cash equivalents                      | \$ 432,357          | \$ 8,848           | \$ -                  | \$ 441,205          |
| Accounts receivable, net                       | 348,361             | 82,461             | -                     | 430,822             |
| Contributions receivable                       | 576,467             | -                  | -                     | 576,467             |
| Prepaid expenses                               | 359,253             | -                  | -                     | 359,253             |
| Amounts due from area office                   | 1,903,077           | -                  | (1,903,077)           | -                   |
| Investments                                    | 4,355,878           | 225,268            | -                     | 4,581,146           |
| Investments restricted by donors for endowment | -                   | 250,000            | -                     | 250,000             |
| Property and equipment, net                    | 155,940             | 396,715            | -                     | 552,655             |
|  | <u>\$ 8,131,333</u> | <u>\$ 963,292</u>  | <u>\$ (1,903,077)</u> | <u>\$ 7,191,548</u> |
| <b>Liabilities and Net Assets</b>              |                     |                    |                       |                     |
| <b>Liabilities</b>                             |                     |                    |                       |                     |
| Accounts payable and accrued expenses          | \$ 485,104          | \$ 53              | \$ -                  | \$ 485,157          |
| Amounts due to area office                     | -                   | 1,903,077          | (1,903,077)           | -                   |
|  | <u>485,104</u>      | <u>1,903,130</u>   | <u>(1,903,077)</u>    | <u>485,157</u>      |
| <b>Net Assets</b>                              |                     |                    |                       |                     |
| Without donor restrictions                     | 6,761,710           | (1,164,810)        | -                     | 5,596,900           |
| With donor restrictions                        | 884,519             | 224,972            | -                     | 1,109,491           |
|  | <u>7,646,229</u>    | <u>(939,838)</u>   | <u>-</u>              | <u>6,706,391</u>    |
|  | <u>\$ 8,131,333</u> | <u>\$ 963,292</u>  | <u>\$ (1,903,077)</u> | <u>\$ 7,191,548</u> |

See independent auditors' report

**CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY**

**Consolidating Schedule of Activities by Area Office  
December 31, 2019**

|  | <u>Cincinnati</u>   | <u>Springfield</u>  | <u>Total</u>        |
|--|---------------------|---------------------|---------------------|
| <b>Revenue, gains and other support</b>      |                     |                     |                     |
| Donations, grants and planned giving         | \$ 2,571,783        | \$ 688,394          | \$ 3,260,177        |
| United Way                                   | 572,403             | 34,860              | 607,263             |
| Donated food for distribution                | -                   | 8,847,685           | 8,847,685           |
| Governmental grants and fees                 | 2,003,015           | 247,585             | 2,250,600           |
| Program service fees                         | 391,735             | 172,192             | 563,927             |
| Investment income, net                       | 117,079             | 19,384              | 136,463             |
| Special events                               | 87,755              | 86,012              | 173,767             |
| Other revenue and support                    | 38,092              | 1,951               | 40,043              |
|  | <u>5,781,862</u>    | <u>10,098,063</u>   | <u>15,879,925</u>   |
| Total revenue, gains and other support       |                     |                     |                     |
| <b>Expenses</b>                              |                     |                     |                     |
| Donated food expense                         | 125,002             | 8,288,837           | 8,413,839           |
| Salaries and related expenses                | 4,193,692           | 828,073             | 5,021,765           |
| Other direct                                 | 558,791             | 255,769             | 814,560             |
| Senior volunteer costs                       | 445,490             | -                   | 445,490             |
| Individual assistance                        | 216,457             | 129,417             | 345,874             |
| Occupancy                                    | 320,421             | 112,227             | 432,648             |
| Depreciation                                 | 54,877              | 27,822              | 82,699              |
| Transportation                               | 101,253             | 23,779              | 125,032             |
|  | <u>6,015,983</u>    | <u>9,665,924</u>    | <u>15,681,907</u>   |
| Total expenses                               |                     |                     |                     |
| <b>Change in net assets from operations</b>  | (234,121)           | 432,139             | 198,018             |
| <b>Non-operating gains (losses):</b>         |                     |                     |                     |
| Net unrealized gains (losses) on investments | 668,567             | 34,729              | 703,296             |
| Donation of property and equipment           | -                   | (73,150)            | (73,150)            |
| Donation of food inventory                   | -                   | (1,540,856)         | (1,540,856)         |
|  | <u>-</u>            | <u>(1,540,856)</u>  | <u>(1,540,856)</u>  |
| <b>Change in net assets</b>                  | 434,446             | (1,147,138)         | (712,692)           |
| <b>Net assets, beginning of year</b>         | <u>7,211,783</u>    | <u>207,300</u>      | <u>7,419,083</u>    |
| <b>Net assets, end of year</b>               | <u>\$ 7,646,229</u> | <u>\$ (939,838)</u> | <u>\$ 6,706,391</u> |

See independent auditors' report

**CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY**

**Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2019**

| <b>Federal Grantor/Pass-Through Grantor/<br/>Program or Cluster Title</b> | <b>Federal<br/>CFDA<br/>Number</b> | <b>Pass-through<br/>Entity<br/>Identifying<br/>Number</b> | <b>Federal<br/>Expenditures</b> | <b>Passed through<br/>to<br/>Subrecipients</b> |
|---|------------------------------------|---|---------------------------------|--|
| <b>Corporation for National and Community Service:</b>                    |                                    |   |                                 |  |
| Foster Grandparent/Senior Companion Cluster:                              |                                    |   |                                 |  |
| Foster Grandparent Program  | 94.011                             | N/A   | \$ 325,701                      | \$ -   |
| Senior Companion Program  | 94.016                             | N/A   | 292,275                         | -  |
| Total Foster Grandparent/Senior Companion Cluster                         |                                    |   | 617,976                         | -  |
| Retired and Senior Volunteer Program                                      | 94.002                             | N/A   | 55,681                          | -  |
| Total Corporation for National and Community Service                      |                                    |   | 673,657                         | -  |
| <b>Department of Health and Human Services</b>                            |                                    |   |                                 |  |
| <i>Passed through Council on Aging of Southwestern Ohio</i>               |                                    |   |                                 |  |
| National Family Caregiver Support, Title III, Part E                      | 93.052                             | N/A   | 41,413                          | -  |
| <i>Passed through United States Conference of Catholic Bishops</i>        |                                    |   |                                 |  |
| Voluntary Agencies Matching Grant Program                                 | 93.567                             | GCIN18 / MGCIN  | 38,257                          | -  |
| Unaccompanied Children's Services Program                                 | 93.676                             | 90ZU0191  | 111,294                         | -  |
| Trafficking Victim Assistance Program                                     | 93.598                             | 90ZU0121  | 1,237                           | -  |
| <i>Passed through Ohio Department of Job and Family Services</i>          |                                    |   |                                 |  |
| Refugee Social Service Program  | 93.566                             | G-1819-17-0595  | 332,186                         | -  |
| Refugee Social Service Program  | 93.566                             | G-2021-17-0357  | 11,134                          | -  |
| Refugee Health Promotion Program  | 93.576                             | G-1819-17-0447  | 12,207                          | -  |
| Refugee Targeted Assistance Program                                       | 93.584                             | G-1819-17-0599  | 23,929                          | -  |
| <i>Passed through Lutheran Immigration and Refugee Service</i>            |                                    |   |                                 |  |
| Foster Care and Safe Release Support Services                             | 93.676                             | 358-18-CCOH-00  | 174,543                         | -  |
| Total Department of Health and Human Services                             |                                    |   | 746,200                         | -  |
| <b>Department of Agriculture</b>  |                                    |   |                                 |  |
| Food Distribution Cluster:  |                                    |   |                                 |  |
| <i>Passed through Ohio Department of Job and Family Services</i>          |                                    |   |                                 |  |
| Commodity Supplemental Food Program                                       | 10.565                             | G-1819-17-0748  | 87,298                          | -  |
| <i>Passed through Shared Harvest Foodbank</i>                             |                                    |   |                                 |  |
| Emergency Food Assistance Program Cluster (TEFAP):                        |                                    |   |                                 |  |
| Emergency Food Assistance Program (Administrative Costs)                  | 10.568                             | N/A   | 127,093                         | -  |
| Emergency Food Assistance Program (Food Commodities)                      | 10.569                             | N/A   | 2,867,360                       | 1,170,665                                      |
| Total Department of Agriculture / Food Distribution Cluster               |                                    |   | 3,081,751                       | 1,170,665                                      |
| <b>Department of State</b>  |                                    |   |                                 |  |
| <i>Passed through United States Conference of Catholic Bishops</i>        |                                    |   |                                 |  |
| U.S. Refugee Admissions Program   | 19.510                             | PCIN18 / RPCIN1   | 143,550                         | -  |
| Total Federal Awards  |                                    |   | \$ 4,645,158                    | \$ 1,170,665                                   |

## CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

### Notes to the Schedule of Expenditures of Federal Awards Year Ended December 31, 2019

#### **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, 2019. 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.

#### **NOTE 4 FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair value of commodities disbursed. For the year ended December 31, 2019, the Organization reported food commodities expended in the amount of \$2,867,360.

**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, 2019, 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 19, 2020.

**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) to determine the 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 determination of consolidated financial statement amounts. 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.



Cincinnati, Ohio  
June 19, 2020

**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, 2019. 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, 2019.

**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 19, 2020

**CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY**

**Schedule of Findings and Questioned Costs  
Year Ended December 31, 2019**

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

***Federal Awards***

Internal control over major programs:

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

***Identification of Major Program***

|                       |   |
|-----------------------|---|
| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
| 10.565/10.568/10.569  | Food Distribution Cluster                 |

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

Auditee qualified as low-risk auditee   x   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, 2019**

| <b>Reference<br/>Number</b> | <b>Summary of Finding</b> | <b>Status</b> |
|-----------------------------|---------------------------|---------------|
|                             | No matters are reportable |               |