



**CATHOLIC CHARITIES OF SANTA CLARA COUNTY**

**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

**AND REPORTS AND SCHEDULES**  
**REQUIRED BY THE UNIFORM GUIDANCE**  
**YEAR ENDED JUNE 30, 2023**

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Catholic Charities of Santa Clara County  
San Jose, California

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Catholic Charities of Santa Clara County (a California non-profit corporation), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

#### ***Basis for Opinion***

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

#### ***Change in Accounting Principle***

As discussed in Note 2 to the financial statements, on July 1, 2022, Catholic Charities of Santa Clara County adopted new accounting guidance Accounting Standards Codification Topic 842, Leases. Our opinion is not modified with respect to this matter.

#### ***Responsibility of Management for the Financial Statements***

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

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



## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Catholic Charities of Santa Clara County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Catholic Charities of Santa Clara County's ability to continue as a going concern for a reasonable period of time.

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

## ***Supplementary and Other information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying City of San Jose Contracts and Billings Schedule and the Schedule of Expenditures of Federal Awards are presented for purposes of additional analysis as required by the City of San Jose and 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* (Uniform Guidance), respectively, and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the City of San Jose Contracts and Billings Schedule and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the 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 November 10, 2023, on our consideration of Catholic Charities of Santa Clara County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Catholic Charities of Santa Clara County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Catholic Charities of Santa Clara County's internal control over financial reporting and compliance.

*Abbott, Stringham & Lynch*

November 10, 2023

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## STATEMENTS OF FINANCIAL POSITION

<b>Assets</b>	June 30, 2023			June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Cash and cash equivalents	\$ 6,996,985	\$ 7,727,933	\$ 14,724,918	\$ 5,740,562	\$ 5,047,112	\$ 10,787,674
Cash held for Disaster Recovery Services	-	26,547	26,547	-	30,689	30,689
Investments	4,034,326	3,017,594	7,051,920	4,971,181	2,817,337	7,788,518
Accounts receivable, net	8,745,290	-	8,745,290	7,442,629	-	7,442,629
Contributed support receivables, net	36,313	166,306	202,619	2,348	451,637	453,985
Beneficial interest in assets held by Catholic Community Foundation	-	8,715,963	8,715,963	-	8,153,445	8,153,445
Due (to) from other funds	(711,379)	711,379	-	(774,730)	774,730	-
Prepaid expenses and deposits	476,489	-	476,489	212,824	-	212,824
Other asset	-	199,450	199,450	-	190,462	190,462
Property and equipment, net	2,254,350	1,030,151	3,284,501	2,348,785	523,984	2,872,769
Total assets	<u>\$ 21,832,374</u>	<u>\$ 21,595,323</u>	<u>\$ 43,427,697</u>	<u>\$ 19,943,599</u>	<u>\$ 17,989,396</u>	<u>\$ 37,932,995</u>
<b>Liabilities and Net Assets</b>						
Accounts payable	\$ 3,296,257	\$ -	\$ 3,296,257	\$ 2,177,359	\$ -	\$ 2,177,359
Accrued liabilities	3,292,085	-	3,292,085	3,060,450	-	3,060,450
Deferred revenue	611,916	-	611,916	374,353	-	374,353
Annuity and life income obligations	13,682	-	13,682	4,172	-	4,172
Total liabilities	<u>7,213,940</u>	<u>-</u>	<u>7,213,940</u>	<u>5,616,334</u>	<u>-</u>	<u>5,616,334</u>
Net assets:						
Without donor restrictions:						
Undesignated	8,343,439	-	8,343,439	7,011,499	-	7,011,499
Board designated reserves	4,020,645	-	4,020,645	4,966,981	-	4,966,981
Net investment in property and equipment	2,254,350	-	2,254,350	2,348,785	-	2,348,785
With donor restrictions:						
Mission related funds	-	9,659,598	9,659,598	-	6,797,871	6,797,871
Endowment	-	11,935,725	11,935,725	-	11,191,525	11,191,525
Total net assets	<u>14,618,434</u>	<u>21,595,323</u>	<u>36,213,757</u>	<u>14,327,265</u>	<u>17,989,396</u>	<u>32,316,661</u>
Total liabilities and net assets	<u>\$ 21,832,374</u>	<u>\$ 21,595,323</u>	<u>\$ 43,427,697</u>	<u>\$ 19,943,599</u>	<u>\$ 17,989,396</u>	<u>\$ 37,932,995</u>

See accompanying independent auditor's report and notes to financial statements.

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## STATEMENTS OF ACTIVITIES

	Year Ended June 30, 2023			Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Public support:						
Contributions - individuals and businesses	\$ 4,869,813	\$ 5,368,091	\$ 10,237,904	\$ 4,497,333	\$ 1,235,478	\$ 5,732,811
Contributions - foundations and trusts	295,000	1,183,007	1,478,007	648,953	2,381,597	3,030,550
Contributions - in-kind	9,929,237	622,925	10,552,162	10,605,433	-	10,605,433
Contributions and net revenue from special events	230,916	-	230,916	208,361	-	208,361
Fees and grants from government agencies	30,766,965	-	30,766,965	27,587,302	-	27,587,302
Allocations from United Way	9,371	-	9,371	6,532	26	6,558
Forgiveness of Paycheck Protection Program loan and interest	-	-	-	4,957,071	-	4,957,071
Total public support	<u>46,101,302</u>	<u>7,174,023</u>	<u>53,275,325</u>	<u>48,510,985</u>	<u>3,617,101</u>	<u>52,128,086</u>
Revenue:						
Program service fees	2,252,784	-	2,252,784	1,891,070	-	1,891,070
Net investment income (loss)	407,408	1,198,084	1,605,492	(478,277)	(1,576,520)	(2,054,797)
Rental income	89,858	-	89,858	177,353	-	177,353
Miscellaneous	124,715	8,988	133,703	137,627	9,295	146,922
Total revenue	<u>2,874,765</u>	<u>1,207,072</u>	<u>4,081,837</u>	<u>1,727,773</u>	<u>(1,567,225)</u>	<u>160,548</u>
Net assets released from restrictions	<u>4,775,168</u>	<u>(4,775,168)</u>	<u>-</u>	<u>3,863,416</u>	<u>(3,863,416)</u>	<u>-</u>
Total public support and revenue	<u>53,751,235</u>	<u>3,605,927</u>	<u>57,357,162</u>	<u>54,102,174</u>	<u>(1,813,540)</u>	<u>52,288,634</u>
Functional expenses:						
Program services	45,430,122	-	45,430,122	40,622,222	-	40,622,222
Supporting services:						
Management and general	6,031,310	-	6,031,310	5,052,824	-	5,052,824
Fundraising	1,998,634	-	1,998,634	1,893,003	-	1,893,003
Total functional expenses	<u>53,460,066</u>	<u>-</u>	<u>53,460,066</u>	<u>47,568,049</u>	<u>-</u>	<u>47,568,049</u>
Change in net assets	291,169	3,605,927	3,897,096	6,534,125	(1,813,540)	4,720,585
Net assets, beginning of year	<u>14,327,265</u>	<u>17,989,396</u>	<u>32,316,661</u>	<u>7,793,140</u>	<u>19,802,936</u>	<u>27,596,076</u>
Net assets, end of year	<u>\$ 14,618,434</u>	<u>\$ 21,595,323</u>	<u>\$ 36,213,757</u>	<u>\$ 14,327,265</u>	<u>\$ 17,989,396</u>	<u>\$ 32,316,661</u>

See accompanying independent auditor's report and notes to financial statements.

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	Program Services						Supporting Services				
	Children, Youth and Family Development	Community Advocacy and Family Support	Refugee Foster Care	Economic Development Services	Behavioral Health Services	Footsteps	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 9,141,749	\$ 4,782,616	\$ 2,796,172	\$ 3,106,163	\$ 2,428,851	\$ 699,592	\$22,955,143	\$ 2,817,910	\$ 1,315,271	\$ 4,133,181	\$27,088,324
Employee benefits	1,076,309	726,952	500,969	502,443	410,301	85,023	3,301,997	437,609	190,861	628,470	3,930,467
Taxes and insurance	788,336	435,811	236,740	260,119	210,495	60,566	1,992,067	66,411	106,581	172,992	2,165,059
Total salary and related expenses	11,006,394	5,945,379	3,533,881	3,868,725	3,049,647	845,181	28,249,207	3,321,930	1,612,713	4,934,643	33,183,850
In-kind food and related distribution services	1,333,219	8,675,815	-	33	-	-	10,009,067	-	-	-	10,009,067
Professional fees and contracts	152,203	373,849	244,586	554,568	180,548	386,347	1,892,101	827,581	75,220	902,801	2,794,902
Supplies	548,239	710,029	16,065	88,758	27,368	42,274	1,432,733	101,831	38,348	140,179	1,572,912
Telephone	75,733	60,044	27,545	35,969	35,022	4,984	239,297	18,769	8,420	27,189	266,486
Postage and shipping	10	480	498	15,625	41	-	16,654	4,527	16,359	20,886	37,540
Occupancy	2,700	89,707	21,915	89,111	42,072	19,579	265,084	157,038	18,409	175,447	440,531
Travel and automobile	33,458	106,026	45,103	51,020	31,516	2,327	269,450	13,161	2,441	15,602	285,052
Conferences and meetings	26,415	8,715	15,987	1,993	909	6,644	60,663	31,263	74,664	105,927	166,590
Printing and artwork	3,388	6,080	151	22,805	341	91	32,856	181	62,561	62,742	95,598
Equipment	46,198	58,608	23,364	83,877	16,665	4,142	232,854	93,557	13,680	107,237	340,091
Subscriptions and publications	8,862	779	284	3,002	5,721	536	19,184	55,303	61,620	116,923	136,107
Financial assistance	15	288,986	1,674,508	16,212	6,661	29,880	2,016,262	-	-	-	2,016,262
Insurance	157,695	114,249	34,587	52,640	41,106	7,955	408,232	72,058	13,778	85,836	494,068
Advertising	-	2,500	7,709	1,479	-	-	11,688	262	61,621	61,883	73,571
Contingency	-	-	-	-	-	-	-	700,000	-	700,000	700,000
Miscellaneous	329	21,409	5	1,539	207	103	23,592	542,891	492	543,383	566,975
Depreciation	-	204,641	8,719	22,060	15,669	109	251,198	90,958	8,644	99,602	350,800
Total expenses	13,394,858	16,667,296	5,654,907	4,909,416	3,453,493	1,350,152	45,430,122	6,031,310	2,068,970	8,100,280	53,530,402
Less direct costs from special events	-	-	-	-	-	-	-	-	(70,336)	(70,336)	(70,336)
Total expenses on Statement of Activities	<u>\$13,394,858</u>	<u>\$16,667,296</u>	<u>\$ 5,654,907</u>	<u>\$ 4,909,416</u>	<u>\$ 3,453,493</u>	<u>\$ 1,350,152</u>	<u>\$45,430,122</u>	<u>\$ 6,031,310</u>	<u>\$ 1,998,634</u>	<u>\$ 8,029,944</u>	<u>\$53,460,066</u>
Percentage of total expenses							85%	11%	4%	15%	100%

See accompanying independent auditor's report and notes to financial statements.



# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

	Program Services					Supporting Services				
	Children, Youth and Family Development	Community Advocacy and Family Support	Refugee Foster Care	Economic Development Services	Behavioral Health Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 7,905,288	\$ 3,966,344	\$ 2,445,352	\$ 2,531,531	\$ 2,147,069	\$ 18,995,584	\$ 2,416,979	\$ 1,246,059	\$ 3,663,038	\$ 22,658,622
Employee benefits	1,093,913	576,588	463,999	469,352	374,721	2,978,573	301,890	185,676	487,566	3,466,139
Taxes and insurance	679,861	357,637	203,914	212,808	184,371	1,638,591	193,791	98,278	292,069	1,930,660
Total salary and related expenses	9,679,062	4,900,569	3,113,265	3,213,691	2,706,161	23,612,748	2,912,660	1,530,013	4,442,673	28,055,421
In-kind food and related distribution services	2,857,559	7,562,445	-	21	-	10,420,025	-	-	-	10,420,025
Professional fees and contracts	216,283	309,610	271,811	543,253	137,848	1,478,805	1,056,945	88,419	1,145,364	2,624,169
Supplies	589,943	705,474	7,614	67,557	20,948	1,391,536	69,562	17,208	86,770	1,478,306
Telephone	84,317	57,628	27,123	34,487	32,556	236,111	23,769	7,227	30,996	267,107
Postage and shipping	2	1,772	569	14,614	182	17,139	4,524	18,499	23,023	40,162
Occupancy	58,951	15,062	16,827	45,370	50,545	186,755	119,125	14,225	133,350	320,105
Travel and automobile	43,029	79,049	42,977	26,143	23,089	214,287	19,199	1,353	20,552	234,839
Conferences and meetings	54,130	14,810	27,841	554	161	97,496	5,313	92,965	98,278	195,774
Printing and artwork	9,905	4,349	95	3,076	686	18,111	-	77,521	77,521	95,632
Equipment	159,967	38,090	16,404	59,522	37,938	311,921	64,035	22,264	86,299	398,220
Subscriptions and publications	9,555	859	956	2,445	5,868	19,683	66,429	27,018	93,447	113,130
Financial assistance	59,748	136,395	1,764,622	13,646	2,374	1,976,785	-	25,558	25,558	2,002,343
Insurance	156,889	46,136	26,325	38,028	78,890	346,268	109,483	12,255	121,738	468,006
Advertising	-	1,993	1,267	802	-	4,062	741	44,131	44,872	48,934
Contingency	-	-	-	-	-	-	340,000	-	340,000	340,000
Miscellaneous	19,021	8,333	302	16,755	-	44,411	164,527	1,728	166,255	210,666
Depreciation	355	197,563	1,762	3,361	43,038	246,079	96,512	2,803	99,315	345,394
Total expenses	13,998,716	14,080,137	5,319,760	4,083,325	3,140,284	40,622,222	5,052,824	1,983,187	7,036,011	47,658,233
Less direct costs from special events	-	-	-	-	-	-	-	(90,184)	(90,184)	(90,184)
Total expenses on Statement of Activities	<u>\$ 13,998,716</u>	<u>\$ 14,080,137</u>	<u>\$ 5,319,760</u>	<u>\$ 4,083,325</u>	<u>\$ 3,140,284</u>	<u>\$ 40,622,222</u>	<u>\$ 5,052,824</u>	<u>\$ 1,893,003</u>	<u>\$ 6,945,827</u>	<u>\$ 47,568,049</u>
Percentage of total expenses						85%	11%	4%	15%	100%

See accompanying independent auditor's report and notes to financial statements.

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 3,897,096	\$ 4,720,585
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	350,800	345,394
Non-cash contribution of property and equipment	(499,069)	(81,271)
Forgiveness of Paycheck Protection Program loan and interest	-	(4,957,071)
Realized/unrealized (gain) loss on investments, net	(1,147,900)	2,282,609
Contributions restricted for endowment	(13,988)	(23,795)
Changes in operating assets and liabilities:		
Accounts and contributed support receivables, net	(1,051,295)	120,472
Prepaid expenses, deposits, and other asset	(272,653)	(56,857)
Accounts payable and accrued liabilities	1,350,533	950,252
Deferred revenue, annuity, and life income obligations	247,073	(2,074)
Net cash provided by operating activities	2,860,597	3,298,244
Cash flows from investing activities:		
Purchases of investments	(404,498)	(712,137)
Proceeds from sale of investments	1,726,478	296,225
Purchases of property and equipment	(263,463)	(31,155)
Net cash provided by (used in) investing activities	1,058,517	(447,067)
Cash flows from financing activities:		
Contributions restricted for endowment	13,988	23,795
Net increase in cash and cash equivalents	3,933,102	2,874,972
Cash and cash equivalents at beginning of year	10,818,363	7,943,391
Cash and cash equivalents at end of year	\$ 14,751,465	\$ 10,818,363
Reconciliation of cash and cash equivalents at end of year:		
Cash and cash equivalents	\$ 14,724,918	\$ 10,787,674
Cash held for Disaster Recovery Services	26,547	30,689
Cash and cash equivalents at end of year	\$ 14,751,465	\$ 10,818,363
Non-cash investing and financing activities:		
Non-cash contributions of marketable securities	\$ 13,988	\$ 23,795
Non-cash contributions of property and equipment	\$ 499,069	\$ -
Non-cash forgiveness of Paycheck Protection Program loan and interest	\$ -	\$ 4,957,071
Non-cash contribution of vehicles	\$ -	\$ 81,271

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 1 - Nature of operations

Catholic Charities of Santa Clara County (“Catholic Charities” or, the “Organization”), a California nonprofit public benefit corporation, serves and advocates for families and individuals in need, especially those living in poverty. Rooted in gospel values, the Organization works to create a more just and compassionate community in which people of all cultures and beliefs can participate and prosper.

Our goal is systemic, lasting change that enables disadvantaged families to lift themselves out of poverty by tackling root causes of economic inequality in Silicon Valley. And by supporting families, not only are we living up to our motto of “Changing Lives for Good,” but also we are fulfilling our commitment to a more just and compassionate community.

We imagine a Valley where ...

- Every child has the opportunity to learn from cradle to career and lives in a neighborhood free from fear.
- Families can afford to live in safe and decent housing and eat nutritious food.
- Enterprising workers can earn enough to make ends meet and save for the future.
- Immigrants and refugees are welcomed.
- Those who are imprisoned, physically and mentally ill, elderly and vulnerable can find healing and hope.

Catholic Charities ‘changes lives for good’ by alleviating, preventing and reducing poverty. We employ holistic and targeted strategies that disrupt poverty, promote greater equity and inclusion, support wellness and lead to greater economic mobility for all residents of Santa Clara County. We reach more than 75,000 people a year including children, youth, adults, seniors, families living in poverty, refugees and immigrants, people with disabilities, those engaged with the legal system, and other vulnerable populations.

A California nonprofit public benefit corporation incorporated in 1981, Catholic Charities’ primary sources of revenue and support are from contributions, government contracts and grants, program service fees, and in-kind contributions.

During the year ended June 30, 2022, the Organization launched “Footsteps: Pathways to Self-Sufficiency,” a strategic initiative informed by our long history of supporting our neighbors in need and disrupting inter-generational poverty. Specifically, this initiative is family-centered, neighborhood-based, and aims to transform entire communities through a “one family at a time” approach. Multiple services address families’ multiple needs with a compassionate and healing approach to family members’ past traumas that contribute to their current circumstances. Community engagement opportunities encourage family members to be active advocates of the issues that impact their own families and their neighborhoods.

For the fiscal year ended June 30, 2023, the Organization’s multiple programs are organized under five departments: Children, Youth and Family Development; Community Advocacy and Family Support; Refugee Foster Care; Economic Development; and Behavioral Health.

### Children, Youth and Family Development

Serves all ages through a community-based approach to empower participants to improve their education, health, and family relationships to strengthen their resiliency and prevent poverty.

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 1 - Nature of operations (continued)

#### Children, Youth and Family Development (continued)

*CORAL (Communities Organizing Resources to Advance Learning)* is an after-school enhanced learning program at over twenty San Jose public elementary and middle schools in the Franklin-McKinley and San Jose Unified School Districts. CORAL focuses on improving student achievement through balanced literacy and enrichment activities, including STEAM.

*Family Resource Centers (FRCs)*: Catholic Charities operates twelve FRCs for First 5 Santa Clara County to support families and the healthy development of their children ages 0-5 years. The program includes parenting workshops plus community engagement and education activities, e.g., New Beginnings, Parent Cafe, Parent Child Plus, Family Friends Neighborhood (FFN), Parent Child Plus FFN, and Digital Literacy.

*The Franklin-McKinley Children's Initiative* is a place-based anti-poverty strategy focused on helping every child in the Santee and Seven Trees neighborhoods succeed from cradle to career through creating strong and safe neighborhoods, strengthening educational opportunities, and strengthening families and economic development through a community-based coalition.

*Kinship Resource Center* provides comprehensive services and support to grandparents and other relatives who are raising the family's children. Services include case management, health assessments, support groups, respite care, recreation, information and referral, education seminars and assistance with legal guardianship packets, as well as an Independent Living Program for youth moving out of kinship care.

#### Community Advocacy and Family Support

This program includes Older Adult Services; Emergency Programs and Housing Services; Cathedral Social Ministries; Advocacy and Community Engagement; and Youth Empowered for Success.

Older Adult Services assists seniors to maintain health and wellness through multiple programs.

- *Long-Term Care Ombudsman Program* advocates for frail, chronically ill residents in all nursing homes and residential care/assisted living facilities in Santa Clara County. This program responds to, investigates, and seeks fair resolution of complaints, including allegations of elder abuse and violations of residents' rights.
- *Senior Nutrition Program* offers socialization and hot nutritious meals for seniors (age 60 and over) five days a week at Catholic Charities Eastside Neighborhood Center and John XXIII Multi-Service Center in San Jose. Programs shifted to grab and go meals in March 2020 due to pandemic restrictions.
- *Senior Programs at Neighborhood Centers* offer educational classes, recreation and wellness activities for older adults in a culturally responsive environment. Services include English as a second language classes, citizenship information and referral, health screening and monitoring, wellness education, computer training, daily noon meals, weekly grocery bags, exercises such as tai chi, dances, health education, and cultural celebrations at John XXIII and Eastside Neighborhood Center.

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 1 - Nature of operations (continued)

#### Community Advocacy and Family Support (continued)

Emergency Programs and Housing Services supports families and individuals with critical needs.

- *Emergency Food Distribution* provides grocery boxes weekly both through home deliveries and parish drive-through and walk-in sites.
- *Housing Services* provides emergency rental assistance and enrollment assistance to prevent evictions and prevent homelessness. Since the onset of the pandemic, the program has been providing rental assistance and enrollment assistance to families affected by the pandemic and economic crisis.
- *Disaster Recovery Services* serves people of all ages and backgrounds through a client centric approach during emergencies, including both natural and manmade disasters, as well as vulnerable communities impacted by the housing crisis in Santa Clara County. The program assists disaster survivors with emergency and transitional housing assistance, financial assistance, assistance with transportation and case management services to restore them to self-sufficiency. Since March 2020 and the onset of the pandemic, the program has assisted with significantly expanded food distribution to families affected by the pandemic and economic crisis.

Cathedral Social Ministries supports families and individuals impacted by incarceration and those who are unhoused.

- *The Window* provides more than 800 free mailboxes, sandwiches, information and referral and connections for unhoused individuals to apply for shelter.
- *Catholic Charities John XXIII Gardner Healthcare Clinic* offers services including primary health care, substance abuse, and pharmacy assistance to the homeless, the immigrant, migrant workers, and uninsured families and individuals.
- *Bridges of Hope* is a post-release service through a faith-based collaborative that assists those released from incarceration with re-integrating into society with jobs, housing, and a faith community while in transition and rebuilding their lives.
- *Inmate Supportive Services (ISS)* at the county's two adult correctional facilities responds to inmate requests for books, eyeglasses, notary services, probation-required legal documents, requests for family contacts, family requests for information or items for the inmates, information from community/other legal services and resource information.

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 1 - Nature of operations (continued)

#### Community Advocacy and Family Support (continued)

Advocacy and Community Engagement coordinates the Organization's partnerships with parishes, volunteer services, support for adults with disabilities, and advocacy efforts.

- *Parish Engagement* convenes and trains parish leaders and peer volunteers, known as "promotoras", to strengthen the network of parish-based services with the Organization's resources and other parishes in order to alleviate, prevent, and reduce poverty. Parish Engagement seeks to serve the residents of 95122 through accompaniment services where volunteers spend 4 hours of their month with residents who are in need of service navigation and a loving committed presence in their lives. Through a mutually transformative experience, volunteers and clients work together to overcome barriers to poverty - together. Since the pandemic, the program has expanded to multiple parishes.
- *Handicapables* provides peer support, spirituality and enrichment for adult disabled individuals.
- *Volunteer Services* recruits, onboards and connects volunteers with the Organization's multiple volunteer opportunities. Individuals, many of whom represent local parishes as well as Silicon Valley corporations, assist us with both long-term and short-term volunteer commitments every year. They contribute more than 11,000 volunteer hours in total. Connecting those we serve with the larger community is essential to our work and our mission - and volunteers help us to accomplish this goal.
- *Outreach and Community Organizing* promotes primary prevention through community engagement rooted in Promotoras (leadership development and community-led work) using the Congreso del Pueblo model.

Youth Empowered for Success provides services to strengthen the resilience of youth and young adults through difficult life circumstances. Programs primarily include BEST, the Washington United Youth Center and Spartan-Keyes.

- *Building Everyone's Strengths Together (BEST)* provides gang prevention and intervention services to at-risk youth. This program works with community partners to conduct ongoing prevention/intervention and truancy outreach to identify youth who exhibit high-risk behaviors including gang involvement, conflict/violence, school absence and drop out, substance abuse, and other negative behaviors.
- *Washington United Youth Center (WUYC)* and *Spartan-Keyes Youth Center* offer structured after school programming and a caring environment to youth and their families through recreation, group educational activities and cultural enrichment programs. Also available are information and referral services for families in crisis and living in poverty. On-site services were suspended in March 2020 due to the pandemic.

#### Refugee Foster Care

Provides support and placement for unaccompanied refugee minors with host foster families in Santa Clara County and eight other counties in the Bay Area. The program trains and supports persons who want to become foster parents.

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 1 - Nature of operations (continued)

#### Economic Development Services

Enables participants to move out of poverty and toward self-reliance. Programs under the Economic Development Services umbrella include:

Employment Network provides comprehensive job readiness, pre-employment, job placement, job retention, and job upgrade services to people with mental illness and those formerly incarcerated through Focus for Work and Right Directions programs and helps any unemployed person find work through Pathfinder.

- *Focus for Work* provides individual and group employment preparation services, job development services, and post-employment support for adults diagnosed with mental illness.
- *Right Directions* provides individual and group employment preparation services, job development services, and post-employment support for adults re-entering from jail or prison.
- *Individual Placement & Support Services* provides full scope employment services for individuals with a mental health diagnosis and desire to work.
- *Fee for Service* provides employment services for adults referred by the Department of Rehabilitation.
- *JobTrek* provides services for individuals referred by the Probation Department of Santa Clara County and needing assistance to access employment opportunities.
- *Pathfinder* employment, a new program added during the year ended June 30, 2022, provides individual and group employment preparation services, job development services, and post-employment support for any job seeker.

Family Asset Development, a new program added during the year ended June 30, 2022, provides families with assistance in enrolling for public benefits including Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamps program; Medi-Cal, which pays for a variety of medical services for children and adults with limited income and resources; and California Work Opportunity and Responsibility to Kids (CalWORKs), a public assistance program that provides cash aid and services to eligible low-income families that have a child(ren) in the home. Additionally, eligible families can receive help filing taxes through TAX EZ to receive Earned Income Tax Credits and/or Child Tax Credits.

Financial Education Services enables clients to acquire basic financial literacy and move toward establishing economic stability through effective money management and budgeting. It includes free financial education programs for low-income individuals and families.

Immigration Legal Services are fully accredited by the federal Board of Immigration Appeals to provide professional legal consultations and a full range of immigration legal services for low-income people throughout Santa Clara County. Services include family visas, fiancé/e-visa, adjustment of status, employment authorization, re-entry permit and advance parole, political asylum, special immigrant juvenile, religious visa, family unity, Temporary Protected Status (TPS), Violence Against Women's Act (VAWA), Nicaraguan Adjustment and Central American Relief Act (NACARA), inadmissibility waivers, removal defense, representation, Freedom of Information Act requests, citizenship information and applications, photos and fingerprinting, DACA services and education, and legal services to Unaccompanied Immigrant Children.

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 1 - Nature of operations (continued)

#### Economic Development Services (continued)

South County Citizenship Services offers citizenship services in Gilroy, Morgan Hill, and San Martin, California. Citizenship services include application assistance, interview preparation, legal assistance or referral to legal assistance. Free South County Citizenship Days are held twice a year.

#### Behavioral Health Services

Working to improve the wellbeing of our participants through mental health and case management services, programs under the Behavioral Health Services (BHS) umbrella include:

*CalWORKs Health Alliance* is a multicultural outpatient mental health and substance abuse program for CalWORKs participants that helps improve personal and family issues that may keep them from finding economic and emotional self-sufficiency.

*Family and Children's Services* offers outpatient services for children who are seriously and emotionally disturbed and their families. Services include psychiatric evaluations, medical monitoring, therapy, prevention and early intervention, case management and family support, including supervised and home visits. Programs include: Children's Counseling; Prevention and Early Intervention; and Baby Steps.

*Older Adult Services: Older Adult Outpatient Program* provides case management and mental health services, including medication support, to older adults who are experiencing chronic emotional problems. Older Adult Outpatient Program also develops support groups and educates family members and community service providers about helping older adults with mental health conditions.

*Transitioning Off and Preventing Placement (TOPP)* provides mental health services to youth ages 5 to 18 in Santa Clara County. Clients cannot have Medi-Cal and must either be uninsured or have private insurance that does not meet their needs.

*RISE - Probation - Gang Reduction Intervention Program and Support Enhancement Services* provides mental health and case management support for youth on probation.

Supportive Housing Services at Charities Housing Development Corporation (CHDC) provides service coordination, and referrals for residents of CHDC units.



# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 1 - Nature of operations (continued)

#### Footsteps: Paths to Self-Sufficiency

This place-based and family-centered community change model, which is part of the agency's strategic vision, assists entire families on their journeys to economic mobility and self-sufficiency. Family members ranging in age from newborn to grandparents are paired with guides to help them better access multiple services based on their multiple and individual needs. The goal is breaking the cycle of poverty through trauma-informed care, service guides, wrap-around services, a seamless welcome, and community engagement. "Footsteps" is evidence-based to disrupt poverty in specific neighborhoods. In addition to the increase in braided services for families, this strategic initiative is supported by a responsive infrastructure to upgrade operations including the agency's data, technology and systems; as well as becoming a "World-Class Learning Organization"; and ensuring new and additional funding. Inspired by the entrepreneurial spirit of Silicon Valley, the Organization is reimagining social justice and social service programs. The goal is to transform the ways in which we, as a community, address not just the symptoms of poverty—food insecurity, homelessness, lack of access to education and health care, and economic insecurity—but also the complex, intertwined causes that threaten the health and stability of our neighborhoods. In doing so, the Organization will revolutionize care for the poor and those in need by providing more accessible and sustainable paths to lives of dignity and self-sufficiency.

### Note 2 - Summary of significant accounting policies

#### Basis of presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### Financial statement presentation

Under GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category are as follows:

Without donor restrictions - net assets that are not subject to donor-imposed restrictions, and includes the Operating Fund (undesignated), Board Designated Reserves, and the Net Investment in Property and Equipment. These funds record the net assets over which the Board of Directors has discretionary control and which are used to carry out operations of the Organization in accordance with its bylaws.

With donor restrictions - net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time, and includes resources currently available for use, but expendable only for those operating purposes specified by the donor or funding source. Resources of this fund originate from gifts, grants, and bequests. Also included in this category are the endowment funds, which consist of gifts and bequests accepted with the donor stipulation that the principal or fixed asset item be restricted in perpetuity. Income from these assets is recorded within this category until appropriated for expenditure by the Organization.

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 2 - Summary of significant accounting policies (continued)

#### Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Significant estimates used in preparing these financial statements include the allowance for doubtful accounts, the useful lives of property and equipment, the value of donated materials, property and equipment, and professional services, and the fair market value of assets and liabilities. Actual results could differ from those estimates.

#### Cash and cash equivalents

Cash and cash equivalents include highly liquid investments and investments with an original maturity of three months or less. The Organization maintains its cash in bank deposit accounts, which, at times, may exceed amounts insured by the Federal Deposit Insurance Corporation. As of June 30, 2023 and 2022, the Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk related to the balances in the cash accounts.

#### Accounts receivable

Accounts receivable arise principally from charges to funding sources, generally in proportion to current expenses incurred and include receivables from program services and grant revenue. The Organization records an allowance for doubtful accounts based on specifically identified amounts that it believes are uncertain and records additional allowances based upon certain percentages of aged receivables, which are determined based on historical experience and consideration of the general financial conditions that may affect payment. The Organization recognized an allowance for doubtful accounts of \$490,107 and \$271,493 as of June 30, 2023 and 2022, respectively. If amounts become uncollectable, they will be written off against the allowance when that determination is made. For the years ended June 2023, and 2022, the Organization recorded bad debt expense of \$534,536, and \$144,000, respectively.

Contributions are recognized as receivables in the Statements of Financial Position when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give that are expected to be collected in future years are recognized at fair value based on discounted cash flows. The discount on these amounts is computed using the rate applicable in the year the promises were received. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the original contribution. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

The Organization only records pledges receivable when the total amount of the pledge is \$10,000 or more, as collection is not assured. Contributions less than \$10,000 are recognized as revenue when the contribution is received. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. As of June 30, 2023, the Organization had received one conditional contribution, which included an outstanding amount of \$250,000, for which not all of the conditions had been met and which requires a satisfaction of imposed requirements and a subsequent evaluation by the grantor. The Organization did not receive conditional promises to give during the years ended June 30, 2022.

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 2 - Summary of significant accounting policies (continued)

#### Accounts receivable (continued)

The Organization records an allowance for doubtful contributed support receivables based on specifically identified amounts that it believes are uncertain as to collectability. The Organization also records additional allowances based upon certain percentages of aged receivables, which are determined based on historical experience and the Organization's assessment of the general financial conditions that may affect payment. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. All collections of previously written off contributions are recognized in the Statements of Activities in the period of collection and shown as bad debt recoveries. The Organization recognized an allowance for doubtful accounts of \$4,663 and \$5,863 as of June 30, 2023 and 2022, respectively.

#### Grant and program fee revenue

Grant revenue is recognized when earned, generally in proportion to the expenses incurred. Program fees received as cost reimbursements from third-parties who do not directly benefit from the services provided are recognized as revenue in the period in which the service is provided.

#### Program service fees - contracts with customers

The Organization reports program service fees at the amounts that reflect the consideration to which the Organization expects to be entitled in exchange for customer care. These amounts are largely due from a third-party payer and transaction prices for the services provided are dependent upon the terms provided or negotiated with the third-party payer. Generally, the Organization bills the third-party payer monthly, based on actual services provided. In some cases, fees are paid directly by the individuals receiving services. In these instances, fees are fixed and payment is due at the time services have been rendered.

The Organization determines performance obligations based on the nature of the services the Organization provides, and recognizes revenues for performance obligations satisfied at a point in time based on the actual services provided. The Organization believes that this method provides a faithful depiction of the transfer of services based on the inputs needed to satisfy the obligations. During the years ended June 30, 2023 and 2022, the Organization recognized program service fee revenue of \$2,252,784 and \$1,891,070, respectively. Amounts billed or collected in advance of services rendered create a contract liability and are disclosed on the Statements of Financial Position under the heading "Deferred revenue".

Program service fee contract assets and liabilities consisted of the following:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>July 1, 2021</u>
Accounts receivable, net	\$ 398,041	\$ 329,735	\$ 346,582
Deferred revenue	\$ 611,916	\$ 374,353	\$ 370,720

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 2 - Summary of significant accounting policies (continued)

#### In-kind support and services

The Organization records various types of in-kind support including professional services, donated goods, and tangible assets. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated goods and contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses, or in the case of long-term assets, over the period benefited.

The Organization reports the fair value of donated goods and services meeting recognition criteria under U.S. GAAP as public support and as expense, based on estimated fair value. During the year ended June 30, 2023, the Organization monetized \$44,058 of contributed nonfinancial assets for auction sales and capitalized \$499,069 of contributed computer equipment and software. All other contributed nonfinancial assets were utilized in programs and activities, as described in Note 10. Contributed nonfinancial assets did not have donor restrictions.

#### Property and equipment

Property and equipment purchases are recorded at cost whether acquired with donated or operating funds. It is the Organization's policy to capitalize acquisitions in excess of \$2,000. Donated property and equipment are recorded at their estimated fair value at the time of the donation. Depreciation of property and equipment is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives on the straight-line method. Leasehold improvements are amortized over the term of the respective leases (including anticipated renewal options, where appropriate) or the estimated service lives of the assets, whichever is shorter. Property and equipment acquired with gifts of cash restricted for those acquisitions are released from net assets with donor restrictions to net assets without donor restrictions at the time the asset is placed in service.

The estimated useful lives of the related assets are as follows:

Computer, software and office equipment	3 years
Automobiles	5 years
Buildings and land improvements	10 - 40 years
Leasehold improvements	Lesser of 7 years or remaining lease term

#### Impairment of long-lived assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value may not be fully recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amount of such assets against the estimated undiscounted future cash flows associated with them. At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair value. To date, the Organization has not recorded any impairment of its long-lived assets as a result of this analysis.

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 2 - Summary of significant accounting policies (continued)

#### Leases - recently adopted accounting guidance

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) Topic 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet.

The Organization adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022 through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

As a result of the adoption of the new lease accounting guidance, the Organization determined that it did not have existing leases that would require the recognition of a ROU asset and lease liability on the statement of financial position on July 1, 2022. The effect of adopting the new standard did not require any adjustment to net assets as of July 1, 2022. Lease agreements entered into after July 1, 2022 are disclosed in Note 11 in accordance with the provisions of ASC 842, *Leases*.

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease ROU assets and operating lease liabilities on the statements of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease.

Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Management uses the risk free interest rate based on the information available at the commencement date in determining the present value of the lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

#### Functional allocation of expenses

The costs of providing the various program services have been summarized on a functional basis in the accompanying Statements of Activities. Accordingly, expenses that are associated with more than one program or supporting service have been allocated, principally on an indirect cost basis, using personnel time studies, all among the various programs and supporting services.

#### Tax-exempt status

The Organization has been granted tax-exempt status by the Internal Revenue Service (Section 501(c)(3)) and the California Franchise Tax Board (Section 23701d). The Organization is registered with the Registry of Charitable Trusts of the Office of the Attorney General of the State of California. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization is subject to a tax on income earned from any unrelated business activity. The Organization does not believe it has any unrelated business taxable income that should have been reported for tax purposes.

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 2 - Summary of significant accounting policies (continued)

#### Tax-exempt status (continued)

The Organization has adopted the accounting standard related to uncertainties in income taxes. The Organization evaluates uncertain tax positions through its review of the source of revenue to identify unrelated business income and certain other matters, including those which may affect its tax exempt status. Management believes their estimates related to income tax uncertainties are appropriate based on the current facts and circumstances.

The Organization's federal Returns of Organization Exempt from Income Tax (Form 990) for years ended June 30, 2020 and after are subject to examination by the IRS, generally for three years after they are filed. The Organization's state returns (Form 199) for the years ended June 30, 2019 and after could be subject to examination by state (California) taxing authorities, generally for four years after they are filed.

#### Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statements of Financial Position. Donated securities are recorded at market value on the date received or at nominal value when the market value is not readily available. Realized and unrealized gains and losses are reflected as increases or decreases in net assets without donor restriction unless their use has been restricted by donors.

#### Fair value measurements

The Organization measures and discloses fair value measurements as required by the Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification.

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or a liability.

As a basis for considering such assumptions, the FASB establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Include other observable inputs, not included in Level 1, that are directly or indirectly observable in the marketplace.

Level 3 - Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

#### Advertising

The Organization's policy is to expense advertising costs as they are incurred. Advertising expense for the years ended June 30, 2023 and 2022 totaled \$73,571 and \$48,934, respectively.

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### **Note 2 - Summary of significant accounting policies (continued)**

#### **New accounting pronouncements not yet adopted**

In 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the statement of financial position will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for the fiscal year beginning July 2023. The Organization is currently in the process of evaluating the impact of adoption of this ASU on its financial statements.

Other accounting pronouncements that have been enacted but not yet implemented are not expected to have a material impact on the Organization's financial statements.

#### **Reclassifications**

Certain reclassifications have been made to the June 30, 2022 financial statements to conform to the June 30, 2023 financial statement presentation, having no effect on previously reported net assets or change in net assets.

#### **Subsequent events**

In preparing its financial statements, the Organization has evaluated subsequent events November 10, 2023, which is the date the financial statements were available to be issued.

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 3 - Liquidity and availability of resources

The following table reflects the Organization's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditure within one year from these dates. Other financial assets and amounts considered to be unavailable include: amounts reflected in accounts payable and accrued liabilities, cash held for Disaster Recovery Services, endowments and their accumulated earnings net of appropriations within one year, and Board designated reserves.

Financial assets available to meet cash needs for general expenditures within one year as of June 30, 2023 and 2022 are as follows:

	June 30,	
	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 14,751,465	\$ 10,818,363
Investments	7,051,920	7,788,518
Accounts receivable, net	8,745,290	7,442,629
Contributed support receivables, net	202,619	453,985
Beneficial interest in assets held by Catholic Community Foundation	8,715,963	8,153,445
Financial assets	39,467,257	34,656,940
Less:		
Cash allocated for accounts payable and accrued liabilities	(6,588,342)	(5,237,809)
Investments held for permanent donor endowments	(1,587,821)	(1,576,621)
Beneficial interest in assets held by Catholic Community Foundation	(8,715,963)	(8,153,445)
Accumulated earnings on donor restricted endowments	(1,443,903)	(1,276,209)
Amounts unavailable to management without Board approval	(4,020,645)	(4,966,981)
	(22,356,674)	(21,211,065)
Add:		
Accumulated endowment earnings subject to appropriation within one year	550,000	550,000
Total financial assets and liquidity resources available within one year	\$ 17,660,583	\$ 13,995,875

The Organization maintains a line of credit (Note 7) to cover any short-term working capital deficiencies. Available borrowings on the line of credit at both June 30, 2023 and 2022 were \$6,000,000.



# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### **Note 3 - Liquidity and availability of resources (continued)**

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available for general expenditures, operating liabilities, and other obligations as they become due. In addition, the Organization has Board designated reserves of \$4,020,645 and \$4,966,981 at June 30, 2023 and 2022, respectively, which the Organization does not intend to spend on current operations, but could be made available, if necessary and with approval from a majority of the Board. At June 30, 2023 and 2022, Board designated reserve amounts of \$4,020,645 and \$4,966,981 are included in Investments – without donor restrictions, respectively, as shown in the Statement of Financial Position.

The Organization also maintains a policy for bequests received without donor restrictions, that requires 95% allocated to Board designated reserves and 5% to operating reserves, with changes in amounts approved by the Board annually, once the Operating Fund is fully funded. The Organization's target for the Operating Fund is approximately two-months of expenses and is funded through bequests and annual operating income.

### **Note 4 - Investments, beneficial interests, and fair value measurements**

Fair values for Level 1 investments are determined by reference to quoted market prices. Fair value of Level 2 investments is determined by reference to quoted market transactions in a less active market for assets similar to those held to support the underlying assets.

The Organization considers the measurement of its beneficial interest in the Catholic Community Foundation of Santa Clara County (CCF) to be a Level 3 measurement within the hierarchy because, even though that measurement is based on the unadjusted fair value of investments reported by CCF through the fund manager Christian Brothers Investment Services (CBIS), the Organization will never receive those assets or have the ability to direct the trustee to redeem them.

The carrying amounts of the Organization's other assets and liabilities on its Statements of Financial Position approximate fair value because of their short maturities.

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 4 - Investments, beneficial interests, and fair value measurements (continued)

Following are the major categories of assets measured at fair value on a recurring basis at June 30, 2023:

	Fair Value	Quoted Prices in Active Markets For Identifiable Assets (Level 1)	Significant Other Observable (Level 2)	Significant Unobservable (Level 3)
Investments:				
Mutual Funds:				
Religious Communities Trust:				
Catholic United Investment Trust (CUIT):				
Intermediate Diversified Bond Fund	\$ 1,388,068	\$ -	\$ 1,388,068	\$ -
International Equity Fund	1,041,145	-	1,041,145	-
CORE Equity Index Fund	2,540,692	-	2,540,692	-
Small Cap Equity Index Fund	632,891	-	632,891	-
Intermediate Bond Fund	1,383,414	-	1,383,414	-
American Funds:				
American Balanced Fund	65,710	-	65,710	-
 Total investments	 7,051,920	 -	 7,051,920	 -
 Beneficial interest in assets held by Catholic Community Foundation	 8,715,963	 -	 -	 8,715,963
	<u>\$ 15,767,883</u>	<u>\$ -</u>	<u>\$ 7,051,920</u>	<u>\$ 8,715,963</u>

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 4 - Investments, beneficial interests, and fair value measurements (continued)

Following are the major categories of assets measured at fair value on a recurring basis at June 30, 2022:

	Fair Value	Quoted Prices in Active Markets For Identifiable Assets (Level 1)	Significant Other Observable (Level 2)	Significant Unobservable (Level 3)
Investments:				
Mutual Funds:				
Religious Communities Trust:				
Catholic United Investment Trust (CUIT):				
Intermediate Diversified Bond Fund	\$ 1,561,763	\$ -	\$ 1,561,763	\$ -
International Equity Fund	900,948	-	900,948	-
CORE Equity Index Fund	2,184,422	-	2,184,422	-
Small Cap Equity Index Fund	538,998	-	538,998	-
Intermediate Bond Fund	2,537,453	-	2,537,453	-
American Funds:				
American Balanced Fund	64,934	-	64,934	-
Total investments	7,788,518	-	7,788,518	-
Beneficial interest in assets held by Catholic Community Foundation	8,153,445	-	-	8,153,445
	\$ 15,941,963	\$ -	\$ 7,788,518	\$ 8,153,445

There were no transfers of investments in or out of the Level 2 or Level 3 classifications during the years ended June 30, 2023 and 2022.

Net investment income (loss) totaled \$1,605,492 and \$(2,054,797) for the years ended June 30, 2023 and 2022, respectively, which included interest and dividends (net of investment fees) of \$457,592 and \$227,812, and net realized and unrealized gains (losses) of \$1,147,900 and \$(2,282,609) for the years ended June 30, 2023 and 2022, respectively.

#### Risks and uncertainties

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

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 4 - Investments, beneficial interests, and fair value measurements (continued)

#### Beneficial interest in Catholic Community Foundation Fund

During the year ended June 30, 2013, a portion of the Organization's endowed investment assets were transferred to CCF, where the Organization became the beneficiary of these funds, and granted CCF variance power. The beneficial interest of this fund is reported at the fair value of the underlying investment assets in the Statements of Financial Position of the Organization, which totaled \$8,715,963 and \$8,153,445 at June 30, 2023 and 2022, respectively.

Under the terms of the agreement, the Organization is to receive annual payments up to 5% on a 12-quarter rolling average of the market value of the fund's assets. In the event of the dissolution of the Organization, CCF shall continue to hold the funds and shall distribute the income therefrom to such organizations as in their opinion most closely serve the purposes and objectives of the Organization.

The following table summarizes the Organization's Level 3 reconciliation related to the beneficial interest in assets held by CCF as of June 30, 2023 and 2022:

	June 30,	
	2023	2022
Balance at beginning of year	\$ 8,153,445	\$ 9,636,573
Quarterly fees	(24,401)	(30,681)
Appropriations	(319,994)	(301,456)
Net investment gains (losses)	906,913	(1,150,991)
Balance at end of year	<u>\$ 8,715,963</u>	<u>\$ 8,153,445</u>

### Note 5 - Contributed support receivables and charitable trusts

Contributed support receivables consisted of the following as of June 30, 2023 and 2022:

	June 30,	
	2023	2022
Promises to give (pledges)	\$ 204,319	\$ 456,885
Less: allowance for doubtful accounts	(1,700)	(2,900)
Net contributed support receivables and charitable lead trust	<u>\$ 202,619</u>	<u>\$ 453,985</u>

At June 30, 2023 and 2022, all receivables were expected to be received within twelve months.

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 5 - Contributed support receivables and charitable trusts (continued)

The Organization is the beneficiary of a charitable remainder unitrust and is also the trustee of the trust. This trust provides for the payment of distributions to the donor over the donor's lifetime. At the end of the trust's term, the remaining assets are available for the Organization's use. Assets held in the trust are recorded at fair value and are included with Investments on the Statements of Financial Position. The present value of estimated future payments to the income beneficiary, which is based on a discount rate of 3% and applicable mortality tables, is recognized as a liability. The liability at June 30, 2023 and 2022 was \$13,682 and \$4,172, respectively.

The Organization has also been named as a beneficiary in various revocable trusts. The assets of these trusts are not included in the Statements of Financial Position of the Organization since these trusts are revocable at the discretion of the grantor.

### Note 6 - Property and equipment

Property and equipment consisted of the following at June 30, 2023 and 2022:

	June 30,	
	2023	2022
Equipment	\$ 713,819	\$ 683,241
Automobiles	403,124	403,124
Software (1)	1,582,556	1,297,056
Computer equipment (2)	505,428	291,859
Buildings and improvements:		
Zanker Road, San Jose (3)	5,974,957	5,870,239
Blossom Hill, San Jose (4)	78,179	-
Alum Rock Avenue, San Jose (5)	1,730,775	1,730,775
Leasehold improvements	2,837,721	2,837,721
Land improvements	302,376	252,396
	14,128,935	13,366,411
Less: accumulated depreciation and amortization	(11,998,191)	(11,647,399)
	2,130,744	1,719,012
Land:		
Zanker Road, San Jose	888,225	888,225
Alum Rock Avenue, San Jose (5)	265,532	265,532
	1,153,757	1,153,757
	\$ 3,284,501	\$ 2,872,769

(1) Assets not yet placed in service totaled \$285,500 at June 30, 2023. All software was in service at June 30, 2022.

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 6 - Property and equipment (continued)

- (2) Assets not yet placed in service totaled \$213,569 at June 30, 2023. All computer equipment was in service at June 30, 2022.
- (3) Construction in progress totaled \$68,930 at June 30, 2023. There was no construction in progress at June 30, 2022.
- (4) Construction in progress totaled \$78,179 at June 30, 2023. There was no construction in progress at June 30, 2022.
- (5) On November 21, 1983, a site (on Alum Rock Avenue in San Jose) was donated to the Organization, on which it constructed the Eastside Neighborhood Center. The land was conveyed upon the condition that the property is used solely for the operation of a senior citizen center for a forty-year period. If this condition is not met, title to the land, buildings and improvements on the premises will pass to the Department of Housing and Urban Development. In addition, the Organization must pay the City of San Jose (City) \$368,000 if the property is sold or used for other activities. It is management's intention to use the property for its intended purpose for the entire forty-year period, and therefore no accrual for the potential City obligation has been recorded on the accompanying Statements of Financial Position. The net book value of this property is recorded as a net asset with donor restrictions in the accompanying financial statements.

During the years ended June 30, 2023 and 2022, the Organization operated at over seventy (70) sites that it did not lease or own. These spaces were provided by governmental agencies or other groups to enable the Organization to provide program services at the locations.

### Note 7 - Line of credit

The Organization has available a line of credit which is secured by a first deed of trust security agreement on the real property located on Zanker Road. The line of credit was renewed for a three-year term in March 2023. As of June 30, 2023 and 2022, annual interest is charged at the Bank's Prime Reference Rate (8.25% and 4.75%, respectively). The loan agreement has a maximum borrowing limit of \$6,000,000. As of June 30, 2023 and 2022 there were no outstanding borrowings. The line of credit agreement includes certain financial covenants, all of which have been met for the year ended June 30, 2023.

### Note 8 - Paycheck Protection Program loan

On May 2, 2020, the Organization received loan proceeds in the amount of \$4,899,900 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), provided for loans to qualifying businesses in amounts up to 2.5 times the average monthly payroll expenses of the qualifying business for the defined qualifying time-period. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll and payroll levels.

The Organization used the proceeds for purposes consistent with the PPP terms and conditions, and applied for forgiveness. In August 2021, the Organization received notification that the full loan amount, and all accrued interest, was forgiven.

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 9 - Contributions and net revenue from special events

	Year Ended June 30,	
	2023	2022
Contributions	\$ 213,223	\$ 210,516
Special event revenue	88,029	88,029
Less: costs of direct benefits to donors	(70,336)	(90,184)
Net revenue	\$ 230,916	\$ 208,361

### Note 10 - In-kind contributions of food and property

In the year ended June 30, 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* using a retrospective method. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. The following table summarizes the categories of contributed nonfinancial assets and other required qualitative disclosures:

	Utilization in Programs/ Activities	Valuation Techniques and Inputs	Year Ended June 30,	
			2023	2022
Food donated by Second Harvest of Silicon Valley	Program support	Valuation is provided to the Organization by the donor and is based on the federal established rates provided by Second Harvest, and approximates the value that the Organization would pay for similar products on the market.	\$ 10,009,035	\$ 10,419,804
Vehicles (sold at auction)	Program support	Valuation is based on the cash proceeds received.	44,058	104,358
Vehicles (capitalized)	Used in programs	Valuation is based on the fair market value on the date of donation.	-	81,271
Computer equipment and software (capitalized)	Used in programs	Valuation is based on the fair market value on the date of donation.	499,069	-
Total in-kind contributions			\$ 10,552,162	\$ 10,605,433

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 10 - In-kind contributions of food and property (continued)

The Organization also receives donated services that do not require specific expertise but which are nonetheless central to the Volunteer Program. The Volunteer Program provides for the partnering of volunteers and the staff of the Organization to create a more cohesive community by fostering trust between residents and the development of norms of solidarity and reciprocity that is essential to stable communities. These services are not reported in the financial statements since they do not meet the criteria for recognition, as discussed in Note 2. The estimated value of these services, as determined by the Organization, was \$1,773,612 and \$1,302,306 for the years ended June 30, 2023 and 2022, respectively.

### Note 11 - Leases

The Organization leases certain facilities and equipment under cancelable and non-cancelable operating leases expiring through October 2024. Rental expense, other than in-kind rent, which includes the Organization's share of facilities' common area expenses, for the years ended June 30, 2023 and 2022, was \$130,784 and \$112,800, respectively.

For the year ended June 30, 2022, the Organization accounted for leases under the accounting guidance of FASB ASC Topic 840, requiring disclosures of future minimum operating lease payments under the non-cancellable operating leases for real property. The information presented in this table pertains solely to the prior year's lease status in accordance with ASC 840.

<u>For the Years Ending June 30,</u>	<u>Amount</u>
2023	\$ 88,111
2024	20,560
2025	<u>11,081</u>
	<u>\$ 119,752</u>

The Organization currently leases portions of John XXIII Senior Center from Giovanni Center, a related party, under a year-to-year lease. The lease requires the Organization to make an annual payment of \$1, plus utilities. The fair value of the favorable rent below the current market rate rent has not been reflected in the financial statements as the amount is not readily determinable and management has determined it to be immaterial to the financial statements. The property is owned by the Diocese of San Jose and is secured by a Deed of Trust on the property.

In September 2022, the Organization signed a lease agreement to rent a portion of their Zanker Road facility to an independent third-party. The lease is for a period of 10 years and 1 month with a base rent of \$25,875 starting in the second month and increasing annually thereafter. The lessee will also be responsible for their share of common area operating expenses and reimbursements of any applicable tenant improvements. The lease commencement is based on substantial completion of tenant improvements by the Organization, which as of the report date has not been determined.



# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 12 - Retirement plans

Retirement benefits are provided to substantially all full-time employees.

On January 1, 1989, the Organization changed its defined benefit plan to a defined contribution plan. Effective January 1, 2021, the Organization simplified the eligibility and auto-enrollment provisions of the defined contribution plan. Under the defined contribution plan, which qualifies under Section 401(k) of the Internal Revenue Code, the Organization's contributions are 5% of the annual salary of each eligible participant. Retirement benefits expense (net of forfeitures) for the years ended June 30, 2023 and 2022 were \$889,975 and \$842,029, respectively. The defined contribution plans cover all permanent employees.

### Note 13 - Net assets released from restrictions and net assets

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose, generally related to the support of program services or by the expiration of time, are as follows:

	Year Ended June 30,	
	2023	2022
Time restrictions expired:		
Contributions - foundations and trusts	\$ 85,000	\$ -
Contributions - individuals and businesses	12,196	10,000
	97,196	10,000
Purpose restrictions fulfilled:		
Appropriated endowment earnings	467,872	304,756
Contributions - foundations and trusts	1,816,609	2,144,578
Contributions - individuals and businesses	2,271,827	1,324,135
Disaster Recovery Services	4,142	2,211
Bequests	-	1,486
Special events	764	-
Property and equipment	116,758	76,250
	4,677,972	3,853,416
	\$ 4,775,168	\$ 3,863,416

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 13 - Net assets released from restrictions and net assets (continued)

Net assets consisted of the following:

	June 30,	
	2023	2022
Net assets without donor restrictions:		
Undesignated	\$ 8,343,439	\$ 7,011,499
Board designated reserve*	4,020,645	4,966,981
Net investment in property and equipment	2,254,350	2,348,785
Total net assets without donor restrictions	14,618,434	14,327,265
Net assets with donor restrictions:		
Time restrictions:		
Contributions - foundations and trusts	85,000	170,000
Contributions - individuals and businesses	56,313	2,348
	141,313	172,348
Purpose restrictions:		
Contributions - foundations and trusts	1,964,023	2,597,625
Contributions - individuals and businesses	6,456,675	3,431,572
Disaster Recovery Services	26,547	30,689
Special events - Golf & Bocce Ball Tournaments	-	764
Emergency relief fund	40,889	40,889
Net investment in property and equipment	1,030,151	523,984
	9,518,285	6,625,523
Total mission related net assets	9,659,598	6,797,871
Donor restricted endowments:		
Permanent endowment funds required to be retained permanently either by explicit donor stipulations or by UPMIFA	7,142,302	7,128,314
Unappropriated endowment earnings	4,793,423	4,063,211
Total donor restricted endowments	11,935,725	11,191,525
Total net assets with donor restrictions	21,595,323	17,989,396
Total net assets	\$ 36,213,757	\$ 32,316,661

\* The Board designated reserve includes amounts set aside for contingencies and operating reserves.

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 14 - Endowment

The Organization's endowment consists of ten (10) individual funds established for a variety of purposes. 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 California version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires 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 Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Also included in net assets with donor restrictions is accumulated appreciation on donor-restricted endowment funds, until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the California version of UPMIFA. In accordance with the California version of UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

#### Endowment net asset composition

	June 30,	
	2023	2022
Donor restricted endowments:		
Original endowment gift amount	\$ 7,142,302	\$ 7,128,314
Accumulated earnings	4,793,423	4,063,211
	<u>\$ 11,935,725</u>	<u>\$ 11,191,525</u>

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 14 - Endowment (continued)

#### Changes in endowment net assets

	June 30,	
	2023	2022
Endowment investments with donor restrictions, beginning of year	<u>\$ 11,191,525</u>	<u>\$ 13,049,006</u>
Investment return:		
Investment income	273,496	149,786
Net appreciation (loss)	<u>924,588</u>	<u>(1,726,306)</u>
Total investment return (loss)	<u>1,198,084</u>	<u>(1,576,520)</u>
Contributions	13,988	23,795
Appropriated earnings spent on programs	<u>(467,872)</u>	<u>(304,756)</u>
Endowment investments with donor restrictions, end of year	<u><u>\$ 11,935,725</u></u>	<u><u>\$ 11,191,525</u></u>

#### Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or California version of UPMIFA requires the Organization to retain as a fund for perpetual duration. There were no funds with deficiencies as of June 30, 2023 and 2022.

#### Return objectives and risk parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). These funds have been donated to the Organization with the intent that the principal remain intact and that only the investment earnings be used in the operations of the Organization. Funds should be invested in growth or income producing assets with preservation and growth as primary objectives. The assets will be invested in cash equivalents, equities, or income investments consistent with the investment policy.

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 14 - Endowment (continued)

#### Strategies employed for achieving objectives

The overall investment goals over a rolling five-year time period are as follows:

- A. To achieve a total return that is in the top half of managers within a representative universe with similar investment parameters. The ranking over multiple time periods is the performance criteria rather than the ranking achieved in any one specific year.
- B. The Investment Funds should experience long-term growth in the value of its assets.
- C. The Investment Funds should be invested in accordance with prudent fiduciary practice.
- D. That growth in assets should be experienced with reasonable levels of risk and volatility of return.

Management and the Board of Directors recognize that risk (i.e., the uncertainty of future events), volatility (i.e., the variability of returns), and the possibility of loss in purchasing power (due to inflation) are present to some degree in all types of investment vehicles. High levels of risk, as evidenced by high volatility and low quality rated securities, are to be avoided. The assumption of reasonable risk levels consistent with the objectives and guidelines approved by the Board of Directors is warranted and encouraged in order to allow the Investment Manager the opportunity to achieve satisfactory long-term results. The Investment Policy of the Organization is to strive for preservation and growth of entrusted funds with a maximum economic return thereon, while showing a preference toward those companies which have manifested a particular consideration for the social good.

#### Spending policy and how the investment objectives relate to spending policy

The Organization shall distribute funds from the return on each endowment fund at its "normal spending rate" according to its Investment Policy and guidelines established by the Board of Directors. Currently, the normal spending rate is 5% on a 12-quarter rolling average of the funds' market value. Returns on the endowment funds that exceed the normal spending allocation will remain within the donor restricted fund (and accounted for in the "with donor restrictions" fund). At the discretion of the Board of Directors, some portion or all of such excess may be expended for a particular need or project related to the purpose of the endowment.

### Note 15 - Older Adult Services

The following table summarizes agency-match funding information related to the Sourcewise contracts that support Older Adult Services for the years ended June 30, 2023 and 2022:

	June 30,	
	2023	2022
Funds received	\$ 784,130	\$ 544,567
Agency match	68,288	48,822
Total program expenses	<u>\$ 852,418</u>	<u>\$ 593,389</u>

Total expenses are included as part of the Children, Youth, and Family Development program in the Statements of Functional Expenses for the years ended June 30, 2023 and 2022.

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 16 - Related parties

The Organization is affiliated with Charities Housing Development Corporation through common governance control by a common board member. The Organization signed contracts with Charities Housing Development Corporation to provide services at various housing projects for low-income individuals. Revenue for these services was \$563,953 and \$574,601 for the years ended June 30, 2023 and 2022, respectively.

The Organization remits dues to Catholic Charities USA, which is a trade association providing training and seminars. Dues for each of the years ended June 30, 2023 and 2022 was \$29,802 and \$29,689, respectively.

The Organization remits dues to Catholic Charities of California, a trade association which provides training and seminars. Dues for each of the years ended June 30, 2023 and 2022 were \$24,452, and \$24,452, respectively.

The Organization pays insurance premiums to the Roman Catholic Bishop of San Jose with respect to certain policies, including workers' compensation, arranged by the Roman Catholic Bishop of San Jose, which cover the Organization as a named insured. Amounts paid for the years ended June 30, 2023 and 2022 were \$679,906 and \$601,595, respectively. The Organization also paid the Roman Catholic Bishop of San Jose for advertising and faith services in the amounts of \$117,784 and \$61,766 for the years ended June 30, 2023 and 2022, respectively.

The Organization rents portions of John XXIII Senior Center from Giovanni Center, a related party through the Roman Catholic Bishop of San Jose. The agreement requires the Organization to make annual payments of \$1, plus utilities (Note 11).

### Note 17 - Contingencies

#### Legal

During the year ended June 30, 2022, the Organization was served with a class action lawsuit pertaining to compensation of former employees. A response to the complaint was due November 2022, and the class has not yet been certified. The Organization believes these claims lack merit and intends to vigorously defend its interests, but has included a reasonable estimate of a contingent liability and associated costs that may be required due to the litigation. Management's estimate of the contingent liability is included in accrued liabilities on the accompanying Statements of Financial Position at June 30, 2023 and 2022, respectively.

#### State unemployment insurance

The Organization is self-insured for unemployment insurance purposes. When terminated employees file unemployment claims with the Employment Development Department, those claims are submitted directly to the Organization for payment. Since the Organization does not know how long a particular claimant will claim or receive benefits, it is not feasible to accurately calculate the cost of claims applicable to the year ended June 30, 2023, and as such, the Organization may be liable for claims in excess of those accrued in these financial statements. Management does not expect any possible unaccrued claims to be material to the financial statements.

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Financial Statements

June 30, 2023 and 2022

### Note 18 - Disaster Recovery Services

In 2017, the Organization initially received relief funds from the Silicon Valley Community Foundation and other private donors to support the City of San Jose Flood Relief Program. The relief funds were used to provide direct financial assistance for impacted residents from the Coyote Creek Flood. The sources of relief funds received and expended during the years ended June 30, 2023 and 2022 are as follows:

	June 30,	
	2023	2022
Cash held for disaster recovery services, beginning of year	\$ 30,689	\$ 32,900
Expenditures	<u>(4,142)</u>	<u>(2,211)</u>
Cash held for disaster recovery services, end of year	<u>\$ 26,547</u>	<u>\$ 30,689</u>

### Note 19 - Concentrations and uncertainties

The Organization receives a significant portion of its revenue and support from several governmental agencies. If these governmental agencies terminated their support of the Organization, the Organization's ability to provide continuing services could be significantly impacted.

The Organization is subject to other possible claims and lawsuits that may arise in the ordinary course of business activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, changes in net assets, and cash flows of the Organization.

### Grants

Conditions contained within the various contracts awarded to the Organization are subject to the funding agencies' criteria and regulations under which expenditures may be charged against, and are subject to audit under such regulations and criteria. Occasionally, such audits may determine that certain costs incurred against the grants may not comply with the established criteria that govern them. In such cases, the Organization could be held responsible for repayments to the funding source for the costs or be subject to reductions of future funding in the amount of the costs.

### Support revenue

The Organization depends on contributions and grants for a portion of its revenue. The ability of the Organization's contributors and grantors to continue giving amounts comparable with prior years may be dependent upon current and future economic conditions. While management, with support of the Board of Directors, believes the Organization has the resources to continue current and future programs, its ability to do so, and the extent to which it does continue, may be dependent on the above factors.

**SUPPLEMENTARY INFORMATION**



**CATHOLIC CHARITIES OF SANTA CLARA COUNTY**

**CITY OF SAN JOSE CONTRACTS AND BILLINGS**

Year Ended June 30, 2023				
<u>Program Name</u>	<u>Program #</u>	<u>Contract Number</u>	<u>Budget Amount</u>	<u>Amount Billed</u>
Responsible Landlord - City of San Jose	35-302-889	GF-22-003	\$ 800,000	\$ 400,000
Food Distribution - Parish Sites	35-303-153	647320	400,000	393,492
Food - Home Delivery	35-303-158	CDBGCV-22-003	500,000	500,000
Senior Ctr_SJ Sr Wellness	41-402-425	647119	63,675	34,657
Senior Ctr_SJ Sr Wellness	41-402-425	647356	65,585	29,757
Pop Up Parks	81-804-958	Contract # 647205	25,000	23,265
Youth_Safe Summer	83-808-875	647171	20,000	16,924
Youth_SJ BEST	83-808-877	646980	663,931	558,815
Youth_Spartan Keyes (SJ)	82-808-880	646999	208,000	172,035
			<u>\$ 2,746,191</u>	<u>\$ 2,128,945</u>

**REPORTS AND SCHEDULES  
REQUIRED BY THE UNIFORM GUIDANCE**



INDEPENDENT AUDITOR'S 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

To the Board of Directors  
Catholic Charities of Santa Clara County  
San Jose, California

We have audited 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, the financial statements of Catholic Charities of Santa Clara County (the "Organization"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated November 10, 2023.

#### **Report on Internal Control over Financial Reporting**

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

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

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

#### **Report on Compliance and Other Matters**

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

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Abbott, Stringham & Lynch*

November 10, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Board of Directors  
Catholic Charities of Santa Clara County  
San Jose, California

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Catholic Charities of Santa Clara County's (the "Organization") compliance with the types of compliance requirements identified as subject to audit 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 June 30, 2023. 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.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

## ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Report on Internal Control Over Compliance**

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

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

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

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

*Abbott, Stringham & Lynch*

November 10, 2023

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Schedule of Expenditures of Federal Awards

June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures (\$)
<b>United States Department of Agriculture</b>			
Stated Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster):			
Passed through the Catholic Charities of California, Inc.	10.561	20-7008	<u>\$ 225,982</u>
Total SNAP Cluster			<u>225,982</u>
Food Distribution Cluster:			
Emergency Food Assistance Program (Food Commodities):			
Passed through Second Harvest of Silicon Valley	10.569	FY23 - VL	<u>267,732</u>
Total Food Distribution Cluster			<u>267,732</u>
Total United States Department of Agriculture			<u>493,714</u>
<b>United States Department of Housing and Urban Development</b>			
Community Development Block Grants - Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants:			
Passed through Santa Clara Urban County, CA	14.218	PS-23-01	10,878
Passed through City of Santa Clara, CA	14.218	FY23-401-418	9,830
Passed through City of Milpitas, CA	14.218	FY23-401-416	15,998
Passed through City of Palo Alto, CA	14.218	C22182852	<u>7,098</u>
Total Community Development Block Grants/Entitlement Grants Cluster			43,804
COVID-19 Community Development Block Grants/Entitlement Grants:			
Passed through City of San Jose, CA	14.218	CDBGCV-22-003	<u>500,000</u>
Total Community Development Block Grants - Entitlement Grants Cluster			<u>543,804</u>
Total United States Department of Housing and Urban Development			<u>543,804</u>



# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Schedule of Expenditures of Federal Awards

June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures (\$)
<b>United States Department of Education</b>			
Rehabilitation Services Vocational Rehabilitation Grants to States: Passed through the State of California Department of Education	84.126	31927	490,000
Elementary and Secondary School Emergency Relief (ESSER) Fund: Passed through Franklin McKinley School District	84.425D	CT 300280	27,445
Title I Grants to Local Educational Agencies: Passed through Gilroy Unified School District	84.010	A 2223-38	<u>28,137</u>
Total United States Department of Education			<u>545,582</u>
<b>United States Department of Health and Human Services</b>			
Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals: Passed through Sourcewise	93.042	20231001	63,500
COVID-19 Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals: Passed through Sourcewise	93.042	AP-2223-10	<u>50,852</u>
Total Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals			<u>114,352</u>
Aging Cluster:			
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers: Passed through Sourcewise	93.044	AP-2223-10	48,888
COVID-19 Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers: Passed through Sourcewise	93.044	AP-2022-10	<u>124,011</u>
			<u>172,899</u>

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Schedule of Expenditures of Federal Awards

June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures (\$)
<b>United States Department of Health and Human Services (continued)</b>			
Aging Cluster (continued):			
Special Programs for the Aging Title VIII, Part C Nutrition Services:			
Passed through the County of Santa Clara	93.045	4300015197 - 106213	531,491
Passed through the County of Santa Clara	93.045	4300015197 - 106213	<u>363,293</u>
			<u>894,784</u>
Total Aging Cluster			<u>1,067,683</u>
National Family Caregiver Support, Title VIII, Part E:			
Passed through Sourcewise	93.052	AP-2022-10	<u>45,144</u>
Refugee and Entrant Assistance - State Administered Programs:			
Passed through the State of California Department of Social Services	93.566	URM20-CCSCC	<u>6,026,289</u>
Refugee and Entrant Assistance - Discretionary Grants:			
Passed through the United States Conferences of Catholic Bishops	93.576	90RP0121-01-00	<u>17,080</u>
Child Abuse and Neglect State Grants			
Passed through California Department of Social Services	93.669	SC-CCSC-22-25	<u>41,469</u>
Total United States Department Health and Human Services			<u>7,312,017</u>
<b>United States Department of Homeland Security</b>			
Disaster Assistance Projects:			
Passed through Catholic Charities of California, Inc.	97.088	20-STD-7027	297,564
Emergency Food and Shelter National Board Program (Food Commodities):			
Passed through Second Harvest of Silicon Valley	97.024	FY22 - VL - 08.19.22	<u>12,426</u>
Total United States Department of Homeland Security			<u>309,990</u>

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Schedule of Expenditures of Federal Awards

June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures (\$)
<b>United States Department of State</b>			
Refugee Admissions Program:			
Passed through U.S. Catholic Conference - URM	19.510	SPRMCO22CA0023	2,160
Passed through United States Conference of Catholic Bishops, Migration and Refugee Services	19.510	APRMCO21CA3291	<u>41,075</u>
Total United States Department of State			<u>43,235</u>
<b>United States Department of Treasury</b>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds:			
Passed through City of San Jose, CA	21.027	647320	393,492
COVID-19 Emergency Rental Assistant Program:			
Passed through Local Initiative Support Corporation	21.023	52646-0001	<u>120,359</u>
Total United States Department of Treasury			<u>513,851</u>
Total Expenditures of Federal Awards			<u>\$ 9,762,193</u>
<b>Other Non-Federal Awards passed through Sourcewise</b>			
State Facilities Penalty:			
Passed through Sourcewise	N/A	AP-2022-10	\$ 172,665
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers:			
Passed through Sourcewise	N/A	AP-2022-10	<u>279,082</u>
Total State Funds from Sourcewise			<u>\$ 451,747</u>

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Notes to Schedule of Expenditures of Federal Awards

June 30, 2023

### **Note 1 - Basis of presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

### **Note 2 - Summary of significant accounting policies**

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

### **Note 3 - Indirect cost rate**

The Organization has elected not to use the 10 percent 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 the commodities received and disbursed. At June 30, 2023, the Organization had no food commodities in inventory.

### **Note 5 - Payments to subrecipients**

The Organization did not make any payments to subrecipients for the year ended June 30, 2023.

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Schedule of Findings and Questioned Costs

June 30, 2023

### Section I - Summary of Auditor's Results

#### Financial statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

yes  no

Significant deficiency(ies) identified?

yes  none reported

Noncompliance material to financial statements noted?

yes  no

#### Federal awards

Internal control over major federal programs:

Material weakness(es) identified?

yes  no

Significant deficiency(ies) identified?

yes  none reported

Type of auditor's report issued on compliance for major federal programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

yes  no

Identification of major program:

Assistance Listing number(s)

Name of federal program or cluster

21.027

COVID-19 Coronavirus State and Local Fiscal Recovery Funds

93.566

Refugee and Entrant Assistance-State Administered Programs

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes  no

# **CATHOLIC CHARITIES OF SANTA CLARA COUNTY**

## **Schedule of Findings and Questioned Costs**

June 30, 2023

### **Section II - Financial Statement Findings**

No financial statement findings.

### **Section III - Federal Award Findings and Questioned Costs**

No federal awards findings.

# CATHOLIC CHARITIES OF SANTA CLARA COUNTY

## Schedule of Prior Audit Findings

June 30, 2023

### **Status of prior year audit findings**

The Organization did not have any audit findings for the year ended June 30, 2022.