

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.  
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**AND CERTAIN SUPPLEMENTAL INFORMATION  
PRESENTED FOR PURPOSES OF A SINGLE AUDIT**

**JUNE 30, 2021 AND 2020**

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503 N. Main St., Suite 740  
Pueblo, CO 81003-3131  
719.543.0516  
719.544.2849 Fax  
www.cpapueblo.com

**McPherson, Goodrich, Paolucci & Mihelich, PC**

*Tax/Consulting/Audit*

*Certified Public Accountants*

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary  
Pueblo, Colorado

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

## **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Other Information

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2021, on our consideration of Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary'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 the Diocese of Pueblo, Inc. and Subsidiary's internal control over financial reporting and compliance.

*M. Pherson, Coaudit, Paulini & Mitchell, P.C.*

October 31, 2021

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 731,401	\$ 708,125
Restricted cash	518,283	436,666
Investments	861,291	558,153
Accounts receivable, net of allowance for doubtful accounts	41,823	5,512
Grant and contract receivables	922,886	1,175,733
Prepaid expenses	3,550	3,550
Property and equipment, net of accumulated depreciation	<u>190,053</u>	<u>65,988</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,269,287</u></b>	<b><u>\$ 2,953,727</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 221,337	\$ 183,274
Accrued expenses	290,997	271,646
Deferred revenue	270,920	126,076
Client deposits	518,283	436,666
Accrued compensated absences	129,307	99,077
Notes payable	<u>-</u>	<u>260,000</u>
<b>TOTAL LIABILITIES</b>	<u>1,430,844</u>	<u>1,376,739</u>
<b>NET ASSETS</b>		
Without Donor Restrictions		
Undesignated	944,093	765,386
Board designated	<u>650,000</u>	<u>650,000</u>
Total without donor restrictions	<u>1,594,093</u>	<u>1,415,386</u>
With Donor Restrictions		
Purpose restrictions	<u>244,350</u>	<u>161,602</u>
Total with donor restrictions	<u>244,350</u>	<u>161,602</u>
<b>TOTAL NET ASSETS</b>	<u>1,838,443</u>	<u>1,576,988</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 3,269,287</u></b>	<b><u>\$ 2,953,727</u></b>

The accompanying notes are an integral part of these statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021 AND 2020**

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>			
<b>Support</b>			
United Way allocations	\$ 90,521	\$ 30,280	\$ 120,801
Diocesan Ministry Fund support	58,333	-	58,333
Pueblo Deanery support	2,495	5,811	8,306
Contributions	447,662	5,587	453,249
Assistance programs	443,241	193,104	636,345
In-kind donation	125,000	-	125,000
In-kind rent	81,280	-	81,280
<b>Total Support</b>	<b>1,248,532</b>	<b>234,782</b>	<b>1,483,314</b>
<b>Revenues</b>			
Grant revenue	4,717,072	266,255	4,983,327
PPP loan forgiveness	260,000	-	260,000
Money management fees	85,335	-	85,335
Immigration service fees	99,933	-	99,933
Other fees	64,728	14,481	79,209
Special event	2,000	-	2,000
Miscellaneous revenues	27,247	-	27,247
Reimbursed expenses	45,399	-	45,399
Net investment return	163,271	-	163,271
<b>Total Revenues</b>	<b>5,464,984</b>	<b>280,736</b>	<b>5,745,720</b>
<b>Net Assets Released from Restrictions</b>	432,770	(432,770)	-
<b>TOTAL SUPPORT AND REVENUES</b>	<b>7,146,286</b>	<b>82,748</b>	<b>7,229,034</b>
<b>EXPENSES</b>			
<b>Functional Expenses</b>			
Program services	5,337,410	-	5,337,410
Management and general	1,594,456	-	1,594,456
Fundraising expense	35,713	-	35,713
<b>TOTAL EXPENSES</b>	<b>6,967,579</b>	<b>-</b>	<b>6,967,579</b>
<b>CHANGE IN NET ASSETS</b>	178,707	82,748	261,455
<b>NET ASSETS, beginning</b>	1,415,386	161,602	1,576,988
<b>NET ASSETS, ending</b>	<b>\$ 1,594,093</b>	<b>\$ 244,350</b>	<b>\$ 1,838,443</b>

The accompanying notes are an integral part of these statements.

	2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUES</b>			
<b>Support</b>			
United Way allocations	\$ 114,099	\$ -	\$ 114,099
Diocesan Ministry Fund support	95,941	-	95,941
Pueblo Deanery support	0	10,258	10,258
Contributions	277,224	183,165	460,389
Assistance programs	104,496	96,487	200,983
In-kind donation	-	-	-
In-kind rent	81,280	-	81,280
<b>Total Support</b>	<u>673,040</u>	<u>289,910</u>	<u>962,950</u>
<b>Revenues</b>			
Grant revenue	5,338,662	17,875	5,356,537
PPP loan forgiveness	-	-	-
Money management fees	91,738	-	91,738
Immigration service fees	77,896	-	77,896
Other fees	10,661	-	10,661
Special event	1,675	-	1,675
Miscellaneous revenues	672	-	672
Reimbursed expenses	11,244	-	11,244
Net investment return	1,986	-	1,986
<b>Total Revenues</b>	<u>5,534,534</u>	<u>17,875</u>	<u>5,552,409</u>
<b>Net Assets Released from Restrictions</b>	<u>214,445</u>	<u>(214,445)</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUES</b>	<u>6,422,019</u>	<u>93,340</u>	<u>6,515,359</u>
<b>EXPENSES</b>			
<b>Functional Expenses</b>			
Program services	4,652,138	-	4,652,138
Management and general	1,169,145	-	1,169,145
Fundraising expense	20,469	-	20,469
<b>TOTAL EXPENSES</b>	<u>5,841,752</u>	<u>-</u>	<u>5,841,752</u>
<b>CHANGE IN NET ASSETS</b>	580,267	93,340	673,607
<b>NET ASSETS, beginning</b>	<u>835,119</u>	<u>68,262</u>	<u>903,381</u>
<b>NET ASSETS, ending</b>	<u>\$ 1,415,386</u>	<u>\$ 161,602</u>	<u>\$ 1,576,988</u>

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021**

	2021		
	Early Childhood Programs	Adult Programs	Home Stability
<b>FUNCTIONAL EXPENSES</b>			
<b>Salaries and Related Expenses</b>			
Salaries	\$ 1,705,037	\$ 1,010,917	\$ 36,149
Employee benefits	338,375	151,549	10,375
Payroll taxes	142,446	94,819	2,826
<b>Total Salaries and Related Expenses</b>	<b>2,185,858</b>	<b>1,257,285</b>	<b>49,350</b>
<b>Other Expenses</b>			
Dues and fees	21,748	12,996	60
Fundraising	-	-	-
Insurance	1,335	-	-
Advertising/marketing	2,000	267	-
Meals	1,060	705	-
Miscellaneous	189	11,310	-
Occupancy	70,660	3,443	2,902
Office supplies	71,235	13,544	1,932
Postage and shipping	-	-	-
Printing and publications	1,271	4,129	30
Professional development	27,054	8,324	-
Professional services	291,101	96,537	-
Program expenses	185,243	20,223	48,741
Repairs and equipment maintenance	8,198	2,489	249
Rent - equipment	3,476	101	-
Telephone	28,365	7,954	40
Travel	37,590	19,133	-
Bad debt expense	16,304	17,879	16,065
Assistance to individuals	-	-	789,035
<b>Total Other Expenses</b>	<b>766,829</b>	<b>219,034</b>	<b>859,054</b>
<b>Total Expenses Before Depreciation</b>	<b>2,952,687</b>	<b>1,476,319</b>	<b>908,404</b>
<b>Depreciation</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 2,952,687</b>	<b>\$ 1,476,319</b>	<b>\$ 908,404</b>

The accompanying notes to financial statements are an integral part of this statement.

2021

	<u>Total Programs Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
<b>FUNCTIONAL EXPENSES</b>				
<b>Salaries and Related Expenses</b>				
Salaries	\$ 2,752,103	\$ 729,649	\$ -	\$ 3,481,752
Employee benefits	500,299	132,835	-	633,134
Payroll taxes	240,091	57,797	-	297,888
<b>Total Salaries and Related Expenses</b>	<u>3,492,493</u>	<u>920,281</u>	<u>-</u>	<u>4,412,774</u>
<b>Other Expenses</b>				
Dues and fees	34,804	97,925	-	132,729
Fundraising	-	-	35,713	35,713
Insurance	1,335	22,740	-	24,075
Advertising/marketing	2,267	-	-	2,267
Meals	1,765	5,291	-	7,056
Miscellaneous	11,499	9,933	-	21,432
Occupancy	77,005	152,700	-	229,705
Office supplies	86,711	17,406	-	104,117
Postage and shipping	-	11,050	-	11,050
Printing and publications	5,430	14,798	-	20,228
Professional development	35,378	2,164	-	37,542
Professional services	387,638	140,609	-	528,247
Program expenses	254,207	140,054	-	394,261
Repairs and equipment maintenance	10,936	4,757	-	15,693
Rent - equipment	3,577	15,153	-	18,730
Telephone	36,359	18,253	-	54,612
Travel	56,723	5,508	-	62,231
Bad debt expense	50,248	(3,577)	-	46,671
Assistance to individuals	789,035	-	-	789,035
<b>Total Other Expenses</b>	<u>1,844,917</u>	<u>654,764</u>	<u>35,713</u>	<u>2,535,394</u>
<b>Total Expenses Before Depreciation</b>	5,337,410	1,575,045	35,713	6,948,168
<b>Depreciation</b>	<u>-</u>	<u>19,411</u>	<u>-</u>	<u>19,411</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 5,337,410</u>	<u>\$ 1,594,456</u>	<u>\$ 35,713</u>	<u>\$ 6,967,579</u>

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>2020</b>		
	<b>Early Childhood Programs</b>	<b>Adult Programs</b>	<b>Home Stability</b>
<b>FUNCTIONAL EXPENSES</b>			
<b>Salaries and Related Expenses</b>			
Salaries	\$ 1,616,435	\$ 1,033,202	\$ 24,306
Employee benefits	320,042	147,217	6,124
Payroll taxes	133,415	88,575	1,929
<b>Total Salaries and Related Expenses</b>	<b>2,069,892</b>	<b>1,268,994</b>	<b>32,359</b>
<b>Other Expenses</b>			
Dues and fees	35,014	2,600	-
Fundraising	-	-	-
Insurance	737	1,289	-
Meals	3,861	139	-
Miscellaneous	394	677	-
Occupancy	71,360	4,448	4,733
Office supplies	7,743	14,073	557
Postage and shipping	22	267	-
Printing and publications	6,497	5,947	-
Professional development	24,252	9,372	-
Professional services	402,507	69,373	638
Program expenses	94,546	76,830	-
Repairs and equipment maintenance	2,194	565	-
Rent - equipment	8,480	696	-
Telephone	31,887	4,769	-
Travel	83,023	33,590	-
Assistance to individuals	-	-	277,813
<b>Total Other Expenses</b>	<b>772,517</b>	<b>224,635</b>	<b>283,741</b>
<b>Total Expenses Before Depreciation</b>	<b>2,842,409</b>	<b>1,493,629</b>	<b>316,100</b>
<b>Depreciation</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 2,842,409</b>	<b>\$ 1,493,629</b>	<b>\$ 316,100</b>

The accompanying notes to financial statements are an integral part of this statement.

	2020			
	<u>Total Programs Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
<b>FUNCTIONAL EXPENSES</b>				
<b>Salaries and Related Expenses</b>				
Salaries	\$ 2,673,943	\$ 590,611	\$ -	\$ 3,264,554
Employee benefits	473,383	140,874	-	614,257
Payroll taxes	223,919	45,758	-	269,677
<b>Total Salaries and Related Expenses</b>	<u>3,371,245</u>	<u>777,243</u>	<u>-</u>	<u>4,148,488</u>
<b>Other Expenses</b>				
Dues and fees	37,614	44,564	-	82,178
Fundraising	-	-	20,469	20,469
Insurance	2,026	24,738	-	26,764
Meals	4,000	4,960	-	8,960
Miscellaneous	1,071	11,757	-	12,828
Occupancy	80,541	69,295	-	149,836
Office supplies	22,373	15,844	-	38,217
Postage and shipping	289	15,389	-	15,678
Printing and publications	12,444	23,289	-	35,733
Professional development	33,624	11,896	-	45,520
Professional services	472,518	12,513	-	485,031
Program expenses	171,376	105,127	-	276,503
Repairs and equipment maintenance	2,759	1,479	-	4,238
Rent - equipment	9,176	13,652	-	22,828
Telephone	36,656	9,682	-	46,338
Travel	116,613	9,932	-	126,545
Assistance to individuals	277,813	-	-	277,813
<b>Total Other Expenses</b>	<u>1,280,893</u>	<u>374,117</u>	<u>20,469</u>	<u>1,675,479</u>
<b>Total Expenses Before Depreciation</b>	4,652,138	1,151,360	20,469	5,823,967
<b>Depreciation</b>	<u>-</u>	<u>17,785</u>	<u>-</u>	<u>17,785</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 4,652,138</u>	<u>\$ 1,169,145</u>	<u>\$ 20,469</u>	<u>\$ 5,841,752</u>

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 261,455	\$ 673,607
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	19,411	17,785
Realized and unrealized (gain) loss on investments	(120,312)	16,651
PPP loan forgiven	(260,000)	-
<b>(Increase) decrease in assets:</b>		
Accounts receivable	(36,311)	179,659
Grant and contract receivable	252,847	(101,373)
Prepaid expenses	-	(3,550)
<b>Increase (decrease) in liabilities:</b>		
Accounts payable	38,063	(69,688)
Accrued payroll taxes and withholding	19,351	(46,356)
Deferred revenue	144,844	(576,382)
Client deposits	81,617	232,494
Accrued compensated absences	30,230	(5,401)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>431,195</u>	<u>317,446</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(143,476)	(4,058)
Sale of investments	425,129	605,001
Purchase of investments	(607,955)	(618,637)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(326,302)</u>	<u>(17,694)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from notes payable	-	260,000
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>-</u>	<u>260,000</u>
<b>NET INCREASE (DECREASE) IN CASH EQUIVALENTS AND RESTRICTED CASH</b>	104,893	559,752
<b>CASH AND CASH EQUIVALENTS &amp; RESTRICTED CASH, beginning</b>	<u>1,144,791</u>	<u>585,039</u>
<b>CASH AND CASH EQUIVALENTS &amp; RESTRICTED CASH, ending</b>	<u>\$ 1,249,684</u>	<u>\$ 1,144,791</u>
CASH AND CASH EQUIVALENTS	\$ 731,401	\$ 708,125
RESTRICTED CASH	<u>518,283</u>	<u>436,666</u>
<b>TOTAL CASH AND CASH EQUIVALENTS AND RESTRICTED CASH SHOWN IN THE STATEMENT OF CASH FLOWS</b>	<u>\$ 1,249,684</u>	<u>\$ 1,144,791</u>

The accompanying notes are an integral part of these statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities - Catholic Charities of the Diocese of Pueblo, Inc. (CCDP) was incorporated April 6, 1994. The mission of CCDP is to enhance the dignity and self-worth of individuals and families through the provision of services that respond to the physical, spiritual, emotional and economical needs of those served and to collaborate with the communities of Southern Colorado to solve social problems and to work to bring about systemic change so that justice is attained. CCDP is organized exclusively for charitable and educational purposes. Catholic Charities of the Diocese of Pueblo Works Corp., a wholly owned subsidiary of CCDP, provides services through grant funding that compliments CCDP. The subsidiary began providing services in January 2014.

Principles of Consolidation - The consolidated financial statements include Catholic Charities of the Diocese of Pueblo Works Corp., a wholly owned subsidiary of CCDP, that was formed January 2014. All significant intercompany transactions are eliminated.

Basis of Accounting - The consolidated financial statements of CCDP have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables and other assets along with payables and other liabilities.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates, and those differences could be material.

Cash and Cash Equivalents - We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Receivables and Credit Policies - Accounts receivable consist primarily of noninterest-bearing amounts due for program services. We determine the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At June 30, 2021 and 2020 all amounts were deemed collectible.

Functional Allocation of Expenses - The CCDP's policy is to allocate natural costs to their specific function based on the program it supports. Costs are charged to the program, general and administrative or fundraising based on what area of the organization the cost supported. Expenses that can be identified with a specific program are directly charged to that program, with all other expenses common to several programs are allocated based on management's budgetary estimates.

Property and Equipment - We record property and equipment additions over \$1,500 or if donated at estimated fair market value on the date of donation. Units with a useful life over 1 year or more are capitalized and depreciated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 39 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

Revenue and Revenue Recognition – Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are received, respectively. Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributed Services and Other In-Kind Contributions – Contributed services are recorded if they (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by CCDP. A number of volunteers have contributed significant amounts of their time in the CCDP's program services and its fundraising campaigns, but are not recognized as contributions in the financial statements because they do not meet the aforementioned criteria. The Diocese contributed the use of the office space. The donated facilities are recorded at the fair rental value of commercial property. For the years ended June 30, 2021 and 2020, the contributed fair rental value of the facilities was \$81,280.

Investments - We record investment purchases at cost, or if donated, at fair value on the date of the donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consisted of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Net Assets - Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from assets without donor restrictions, net assets for subsequent year's expenses.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Employee Benefits - CCDP offers a tax shelter annuity plan to employees. Plan benefits are available to employees who work 20 hours or more per week and who have worked a full six months. CCDP matches contributions at 3% of the employee's gross salary up to \$100 per month. CCDP's contributions for the years ended June 30, 2021 and 2020 were \$36,545 and \$43,068, respectively.

Client Deposits - CCDP provides cash management and immigration services to clients. Cash management services include collection of client funds and payment of client expenses and debts. Immigration services include collection of client funds and payment of attorney fees on behalf of the client. At June 30, 2021 and 2020, CCDP was holding \$518,283 and \$436,666, respectively, of client funds.

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

Conservatorship - CCDP sometimes agrees to serve as a court-appointed conservator. Any fees earned are recognized as income when received. CCDP has certain fiduciary responsibilities in this capacity but the conservatorship's assets are not in the possession of or controlled by CCDP.

The conservatorship's assets are held in separate accounts at various financial institutions. CCDP serves a number of clients whose total assets at June 30, 2021 and 2020 totaled \$489,385 and \$230,420, respectively. Fees earned for conservator responsibilities for the years ended June 30, 2021 and 2020 totaled \$85,335 and \$85,463, respectively, which is recorded as money management revenue.

Reclassifications - Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation. These reclassifications had no effect on the increase in net assets for 2020.

Income Taxes - The CCDP is organized as a Colorado nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under IRC Sections 509(a)(a) and (3), respectively. The CCDP is annually required to file a Return of Organization Exempt from Income Taxes (Form 990) with the IRS. The CCDP believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Change in Accounting Principle - During fiscal year 2020, CCDP adopted the provisions of FASB Accounting Standards Updated 2018-08, Not-For-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update clarifies and improves the scope and accounting guidance for contributions received and contributions made and will assist in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchanges (reciprocal) transactions and (2) determining whether a contribution is conditional. The implementation of the ASU had no effect on the financial statements.

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue Contracts with Customers (Topic 606)*, which replaces numerous requirements in U.S. GAAP, including industry-specific requirements, and provides companies with single revenue recognition model for recognizing revenue from contracts with customers. The core principle of the new standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. During the year ended June 30, 2020, management implemented ASU 2014-09. The implementation of the ASU had no effect on the financial statements.

Evaluation of Subsequent Events - We have evaluated subsequent events through the date of the independent auditors' report, the date that the financial statements are available to be issued, and have considered any relevant matters in the preparation of the financial statements and footnotes.

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 2 – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 1,249,684
Accounts receivable	964,709
Investments	<u>861,291</u>
Total financial assets	3,075,684
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted cash	(518,283)
Board designated	(650,000)
Net assets with donor restrictions	<u>(244,350)</u>
Financial assets and liquidity resources available within one year	<u>\$ 1,663,051</u>

CCDP is substantially supported by charitable contributions in addition to fees earned from the various programs. As those charged with management of those accounts request expenses to be made, assets with donor restrictions can be liquidated to cover those expenses.

**NOTE 3 – INVESTMENTS**

Investments are presented in the financial statements at their market value. The investments consisted of the following at June 30:

	2021		
	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Estimated Market Value</u>
Equity mutual funds	<u>\$ 752,151</u>	<u>\$ 109,140</u>	<u>\$ 861,291</u>
	2020		
Equity mutual funds	<u>\$ 441,215</u>	<u>\$ 116,938</u>	<u>\$ 558,153</u>

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 3 – INVESTMENTS (Cont'd)**

The following schedule summarizes the investment income reported in the statement of activities:

	2021		<u>Total</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	
Interest and dividends	\$ 42,959	\$ -	\$ 42,959
Net realized/unrealized gains (losses)	<u>120,312</u>	<u>-</u>	<u>120,312</u>
Net investment return	<u>\$ 163,271</u>	<u>\$ -</u>	<u>\$ 163,271</u>
	2020		<u>Total</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	
Interest and dividends	\$ 18,637	\$ -	\$ 18,637
Net realized/unrealized gains (losses)	<u>(16,651)</u>	<u>-</u>	<u>(16,651)</u>
Net investment return	<u>\$ 1,986</u>	<u>\$ -</u>	<u>\$ 1,986</u>

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment at June 30 consisted of the following:

	<u>2021</u>	<u>2020</u>
Buildings and leasehold improvements	\$ 269,910	\$ 126,435
Office furniture and equipment	242,066	242,066
Vehicle	<u>18,257</u>	<u>18,256</u>
Total Property and Equipment	530,233	386,757
Less: accumulated depreciation	<u>340,180</u>	<u>320,769</u>
Net Property and Equipment	<u>\$ 190,053</u>	<u>\$ 65,988</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$19,411 and \$17,785, respectively.

**NOTE 5 – VACATION BENEFITS**

CCDP and its subsidiary provide vacation leave benefits to eligible employees. Vacation benefits are earned by employees based upon their years of service and range from ten to twenty days. Part-time employees earned hours will vary based on hours worked. The maximum number of hours that can be accumulated is 160. Upon separation from service, employees are paid for unused vacation leave. CCDP and its subsidiary provide sick leave benefits to all eligible employees. Full-time employees earn 8 hours and part-time employees vary depending on hours worked for each month of employment completed. The maximum number of hours that can be accumulated is 200. Accumulated sick leave benefits are not paid upon separation.

Accrued compensated absences at June 30, 2021 and 2020 were \$129,307 and \$99,077, respectively.

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 6 – NOTES PAYABLE**

Long-term term debt consists of the following:

	<u>2021</u>	<u>2020</u>
<p>Note payable to Pueblo Bank &amp; Trust (Paycheck Protection Program Loan). PPP Loan established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES ACT), the PPP Loan provides for loans to qualifying business in the amount of 2.5 times the business's average monthly payroll expenses. Interest at 1.00%, on amounts not forgiven, due in \$14,632 monthly installments over 2 years. CCDP had up to 10 months to apply for forgiveness and CCDP received 100% forgiveness of this loan in 2021.</p>	\$ _____ -	\$ <u>260,000</u>
	<u>\$ _____ -</u>	<u>\$ 260,000</u>

During the year ended June 30, 2021 the PPP loan was forgiven.

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of unexpended funds from the following sources at June 30:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose or time:		
Energy outreach	\$ 47,978	\$ 8,125
Cares	5,155	8,280
City/County community service	4,360	10,814
Colorado Community Response Program	883	883
Colorado Opportunity Scholarship Initiative	345	345
Community Problem Solving	800	800
Disaster Relief Donations	18,627	36,849
DSS / HB 1451	10,541	6,954
DSS-Assistance	30,276	31,976
ECE funds	-	200
Emergency Food and Shelter Program	42,242	21,166
Pueblo Deanery Assistance	29,883	25,265
Special assistance	42,151	3,337
Various foundations – supplies and operating expenses	11,109	6,608
Total With Donor Restrictions	<u>\$ 244,350</u>	<u>\$ 161,602</u>

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS (Cont'd)**

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows for the year ended June 30:

	<u>2021</u>	<u>2020</u>
Cares	\$ 246,482	\$ 118,012
City/County community service	6,454	1,955
Community Problem Solving	-	3,700
Disaster Relief Donations	20,223	68,659
Energy outreach	61,853	-
ECE funds	1,900	-
Emergency Food and Shelter Program	62,024	8,424
Pueblo Deanery Assistance	1,194	1,022
Special assistance	24,640	2,711
Various foundations – supplies and operating expenses	8,000	9,962
Total Restrictions Released	<u>\$ 432,770</u>	<u>\$ 214,445</u>

**NOTE 8 – BOARD DESIGNATED NET ASSETS**

Net assets with donor restrictions included funds which have been designated by the governing board for specific purposes. The following board designations existed as of June 30:

	<u>2021</u>	<u>2020</u>
Operating reserve	<u>\$ 650,000</u>	<u>\$ 650,000</u>

**NOTE 9 – CONCENTRATION OF REVENUE**

As reported in the accompanying financial statements, approximately 33 % of CCDP's revenue is derived from federal government agencies, and 30% from state governments for the year ending June 30, 2021.

**NOTE 10 – OPERATING LEASE COMMITMENTS**

On July 10, 2017, CCDP entered into a lease with Great America Financial Services for Canon copiers. The lease term is sixty months starting July 10, 2017 and requires monthly lease payments of \$705. The amount of the lease expense reported was \$8,460 and \$8,460 for the years ended June 30, 2021 and 2020.

A new office lease was entered into June 15, 2020. This lease replaced the prior lease that ended June 30, 2018 under the same terms as the new lease. The lease is for twenty-four months for \$1 for the full term of the lease. As part of the agreement, CCDP agreed to provide janitorial, trash removal and general building maintenance. The expenses reported for those items were reported in various categories and was \$114,217 and \$10,855 for the years ended June 30, 2021 and 2020, respectively.

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 10 – OPERATING LEASE COMMITMENTS (cont'd)**

CCDP entered into a lease with LDC Properties for office space at 516 N. Main Street. The lease terms were originally 12 months beginning September 2015 and April 2016 and required monthly lease payments of \$1,250. The lease has been renewed for three years with the same provisions as the original leases. The lease ends September 2021. The amount of the lease expense reported was \$23,040 and \$23,040 for the years ended June 30, 2021 and 2020 and reported in occupancy expense.

Future minimum lease payments are as follows as of June 30, 2021:

2022	\$	12,210
2023		<u>705</u>
		<u>\$ 12,915</u>

**NOTE 11 – FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair Value Measurements – The Organization reports certain assets at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal; or most advantageous, market at the measurement date under the current market conditions regardless of whether the price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumption that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- Level 1      Quoted prices (unadjusted) in active markets for identical assets that we can access at the measurement date.
- Level 2      Inputs other than quoted market prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.
- Level 3      Unobservable inputs for the asset. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of the asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgement, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset.

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 11 – FAIR VALUE MEASUREMENTS (Cont'd)**

All of our investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values.

Fair values of assets measured on a recurring basis at June 30, 2021 and June 30, 2020 are as follows:

<b>June 30, 2021</b>	<b>Quoted Prices in Active Markets For Identical Assets <u>Level 1</u></b>	<b>Significant Other Observable Inputs <u>Level 2</u></b>	<b>Significant Unobservable Inputs <u>Level 3</u></b>
Money market funds	\$ 50,886	\$ -	\$ -
Domestic stock funds	<u>810,405</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 861,291</u>	<u>\$ -</u>	<u>\$ -</u>

<b>June 30, 2020</b>	<b>Quoted Prices in Active Markets For Identical Assets <u>Level 1</u></b>	<b>Significant Other Observable Inputs <u>Level 2</u></b>	<b>Significant Unobservable Inputs <u>Level 3</u></b>
Money market funds	\$ 200,866	\$ -	\$ -
Domestic stock funds	<u>357,287</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 558,153</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 12 – COMMITMENTS, CONTIGENCIES & RISKS AND UNCERTAINTIES**

Concentration of Credit Risk - CCDP's bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) for \$250,000 per institution. Investment balances are covered by the Securities Investor Protection Corporation (SIPC) up to a limit of \$500,000. Cash in excess of the FDIC limit equaled \$668,381 at June 30, 2021. CCDP's investment balances did not exceed SIPC insurance limits as of June 30, 2021.

Coronavirus Disease (COVID-19) Outbreak – COVID-19 made its way to the United States of America. This disease has sickened many and is causing deaths. Various actions by the federal, state and local governments have been implemented to try to slow down or stop the spread of the virus. The extent to which the coronavirus (or any other disease or epidemic) may impact business activity will depend on future developments. These future developments are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.

CCDP has allowed staff to work from home and has also received \$260,000 from the Paycheck Protection Program Loan to assist with the impact of COVID-19 related issues (See Note 6). The Paycheck Protection Program Loan was forgiven during fiscal year 2021.

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**JUNE 30, 2021**

	<b>Catholic Charities <u>Inc.</u></b>	<b>Catholic Charities <u>Works Corp</u></b>	<b>Inter Company <u>Eliminations</u></b>	<b><u>Totals</u></b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 718,464	\$ 12,937	\$ -	\$ 731,401
Restricted cash	518,283	-	-	518,283
Investments	861,291	-	-	861,291
Accounts receivable, net of allowance for doubtful accounts	41,823	45,451	(45,451)	41,823
Grant and contract receivables	725,298	197,588	-	922,886
Prepaid expenses	-	3,550	-	3,550
Property and equipment, net of accumulated depreciation	190,053	-	-	190,053
Investment in subsidiary	194,965	-	(194,965)	-
	<b>\$ 3,250,177</b>	<b>\$ 259,526</b>	<b>\$ (240,416)</b>	<b>\$ 3,269,287</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 248,167	\$ 18,621	\$ (45,451)	\$ 221,337
Accrued expenses	255,916	35,081	-	290,997
Deferred revenue	270,920	-	-	270,920
Client deposits	518,283	-	-	518,283
Accrued compensated absences	118,448	10,859	-	129,307
	<b>1,411,734</b>	<b>64,561</b>	<b>(45,451)</b>	<b>1,430,844</b>
<b>NET ASSETS</b>				
Without Donor Restrictions				
Undesignated	944,093	194,965	(194,965)	944,093
Board designated	650,000	-	-	650,000
Total without donor restrictions	<b>1,594,093</b>	<b>194,965</b>	<b>(194,965)</b>	<b>1,594,093</b>
With Donor Restrictions				
Purpose restrictions	244,350	-	-	244,350
Total with donor restrictions	<b>244,350</b>	<b>-</b>	<b>-</b>	<b>244,350</b>
	<b>1,838,443</b>	<b>194,965</b>	<b>(194,965)</b>	<b>1,838,443</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,250,177</b>	<b>\$ 259,526</b>	<b>\$ (240,416)</b>	<b>\$ 3,269,287</b>

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**JUNE 30, 2020**

	<b>Catholic Charities Inc.</b>	<b>Catholic Charities Works Corp</b>	<b>Inter Company Eliminations</b>	<b>Totals</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 658,301	\$ 49,824	\$ -	\$ 708,125
Restricted cash	436,666	-	-	436,666
Investments	558,153	-	-	558,153
Accounts receivable, net of allowance for doubtful accounts	(1,026)	6,593	(55)	5,512
Grant and contract receivables	1,057,412	118,321	-	1,175,733
Prepaid expenses	-	3,550	-	3,550
Property and equipment, net of accumulated depreciation	65,988	-	-	65,988
Investment in subsidiary	113,628	-	(113,628)	-
	<u>113,628</u>	<u>-</u>	<u>(113,628)</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,889,122</u></b>	<b><u>\$ 178,288</u></b>	<b><u>\$ (113,683)</u></b>	<b><u>\$ 2,953,727</u></b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 163,927	\$ 19,402	\$ (55)	\$ 183,274
Accrued expenses	233,858	37,788	-	271,646
Deferred revenue	126,076	-	-	126,076
Client deposits	436,666	-	-	436,666
Accrued compensated absences	91,607	7,470	-	99,077
Notes payable	260,000	-	-	260,000
	<u>260,000</u>	<u>-</u>	<u>-</u>	<u>260,000</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,312,134</u></b>	<b><u>64,660</u></b>	<b><u>(55)</u></b>	<b><u>1,376,739</u></b>
<b>NET ASSETS</b>				
Without Donor Restrictions				
Undesignated	765,386	113,628	(113,628)	765,386
Board designated	650,000	-	-	650,000
Total without donor restrictions	<u>1,415,386</u>	<u>113,628</u>	<u>(113,628)</u>	<u>1,415,386</u>
With Donor Restrictions				
Purpose restrictions	161,602	-	-	161,602
Total with donor restrictions	<u>161,602</u>	<u>-</u>	<u>-</u>	<u>161,602</u>
<b>TOTAL NET ASSETS</b>	<b><u>1,576,988</u></b>	<b><u>113,628</u></b>	<b><u>(113,628)</u></b>	<b><u>1,576,988</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,889,122</u></b>	<b><u>\$ 178,288</u></b>	<b><u>\$ (113,683)</u></b>	<b><u>\$ 2,953,727</u></b>

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY  
CONSOLIDATING SCHEDULE OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Catholic Charities Inc.</u>	<u>Catholic Charities Works Corp</u>	<u>Inter Company Eliminations</u>	<u>Totals</u>
<b>SUPPORT AND REVENUES</b>				
<b>Support</b>				
United Way allocations	\$ 120,801	\$ -	\$ -	\$ 120,801
Diocesan Ministry Fund support	58,333	-	-	58,333
Pueblo Deanery support	8,306	-	-	8,306
Contributions	453,249	-	-	453,249
Assistance programs	636,345	-	-	636,345
In-kind donation	125,000	-	-	125,000
In-kind rent	81,280	-	-	81,280
<b>Total Support</b>	<u>1,483,314</u>	<u>-</u>	<u>-</u>	<u>1,483,314</u>
<b>Revenues</b>				
Grant revenue	4,106,285	877,042	-	4,983,327
PPP loan forgiveness	260,000	-	-	260,000
Money management fees	85,335	-	-	85,335
Immigration service fees	99,933	-	-	99,933
Other fees	79,209	-	-	79,209
Special event	2,000	-	-	2,000
Miscellaneous revenues	27,247	-	-	27,247
Reimbursed expenses	42,546	2,852	-	45,398
Net investment income	163,271	-	-	163,271
Subsidiary income (loss)	81,337	-	(81,337)	-
<b>Total Revenues</b>	<u>4,947,163</u>	<u>879,894</u>	<u>(81,337)</u>	<u>5,745,720</u>
<b>TOTAL SUPPORT AND REVENUES</b>	<u>6,430,477</u>	<u>879,894</u>	<u>(81,337)</u>	<u>7,229,034</u>
<b>EXPENSES</b>				
<b>Functional Expenses</b>				
Program services	4,665,979	671,431	-	5,337,410
Management and general	1,467,330	127,126	-	1,594,456
Fundraising	35,713	-	-	35,713
<b>TOTAL EXPENSES</b>	<u>6,169,022</u>	<u>798,557</u>	<u>-</u>	<u>6,967,579</u>
<b>CHANGE IN NET ASSETS</b>	261,455	81,337	(81,337)	261,455
<b>NET ASSETS, beginning</b>	<u>1,576,988</u>	<u>113,628</u>	<u>(113,628)</u>	<u>1,576,988</u>
<b>NET ASSETS, ending</b>	<u>\$ 1,838,443</u>	<u>\$ 194,965</u>	<u>\$ (194,965)</u>	<u>\$ 1,838,443</u>

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY  
CONSOLIDATING SCHEDULE OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Catholic Charities <u>Inc.</u></b>	<b>Catholic Charities <u>Works Corp</u></b>	<b>Inter Company <u>Eliminations</u></b>	<b><u>Totals</u></b>
<b>SUPPORT AND REVENUES</b>				
<b>Support</b>				
United Way allocations	\$ 114,099	\$ -	\$ -	\$ 114,099
Diocesan Ministry Fund support	95,941	-	-	95,941
Pueblo Deanery support	10,258	-	-	10,258
Contributions	458,449	1,940	-	460,389
Assistance programs	200,983	-	-	200,983
In-kind rent	81,280	-	-	81,280
<b>Total Support</b>	<u>961,010</u>	<u>1,940</u>	<u>-</u>	<u>962,950</u>
<b>Revenues</b>				
Grant revenue	4,511,466	845,071	-	5,356,537
Money management fees	91,738	-	-	91,738
Immigration service fees	77,896	-	-	77,896
Other fees	10,661	-	-	10,661
Special event	1,675	-	-	1,675
Miscellaneous revenues	672	-	-	672
Reimbursed expenses	96,095	697	(85,548)	11,244
Investment income	1,986	-	-	1,986
Subsidiary income(loss)	34,323	-	(34,323)	0
<b>Total Revenues</b>	<u>4,826,512</u>	<u>845,768</u>	<u>(119,871)</u>	<u>5,552,409</u>
<b>TOTAL SUPPORT AND REVENUES</b>	<u>5,787,522</u>	<u>847,708</u>	<u>(119,871)</u>	<u>6,515,359</u>
<b>EXPENSES</b>				
<b>Functional Expenses</b>				
Program services	4,022,954	714,732	(85,548)	4,652,138
Management and general	1,070,492	98,653	-	1,169,145
Fundraising expense	20,469	-	-	20,469
<b>TOTAL EXPENSES</b>	<u>5,113,915</u>	<u>813,385</u>	<u>(85,548)</u>	<u>5,841,752</u>
<b>CHANGE IN NET ASSETS</b>	673,607	34,323	(34,323)	673,607
<b>NET ASSETS, beginning</b>	<u>903,381</u>	<u>79,305</u>	<u>(79,305)</u>	<u>903,381</u>
<b>NET ASSETS, ending</b>	<u>\$ 1,576,988</u>	<u>\$ 113,628</u>	<u>\$ (113,628)</u>	<u>\$ 1,576,988</u>

**GOVERNMENT AUDITING STANDARDS**

**AND**

**UNIFORM GUIDANCE REPORTS**

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

**SUMMARY OF INDEPENDENT AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

An unmodified opinion was rendered on the financial statements of Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary as of and for the year ended June 30, 2021 in accordance with generally accepted accounting principles.

Internal control over financial reporting:

- Material weakness (es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

**FEDERAL AWARDS**

Internal control over major federal programs:

- Material weakness (es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None Reported

An unmodified opinion on compliance for major programs was issued.

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516(a)? \_\_\_\_\_ Yes      X   No

Identification of major federal programs:

CFDA Number  
93.870

Name of Federal Program  
Affordable Care Act (ACA) Maternal, Infant,  
and Early Childhood Home Visiting Program

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

Auditee qualified as a low risk auditee? \_\_\_\_\_ Yes      X   No

**FINANCIAL STATEMENT FINDINGS**

No financial statement findings.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No findings or questioned costs for federal awards were noted.

CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2021

FINANCIAL STATEMENT FINDINGS

Finding 2020-001

Current Status: Corrective action taken

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Pass-through to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. Department of Housing and Urban Development (HUD) Passed through Catholic Charities USA Housing Counseling Assistance Program Passed through City of Pueblo Community Development Block Grant/Entitlement Grant	14.169	HC20011003	-	\$ 40,329
	14.218	CO-0015	-	<u>7,272</u>
Total U.S. Department of Housing and Urban Development (HUD)				<u>\$ 47,601</u>
Department of Homeland Security Emergency Food and Shelter National Board Program	97.024	Not available	-	<u>\$ 83,100</u>
Corporation for National and Community Service Passed through Colorado Child and Parent Foundation AmeriCorps	94.006	CD1805	-	<u>\$ 87,969</u>
National Association of County and City Health Officials Strengthening Public Health Systems and Service through National Partnerships to Improve and Protect the Nation's Health	93.421	2021-031902	-	<u>\$ 58,377</u>
U.S. Department of Health and Human Services Passed through State Department of Human Services Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	21 IHIA 168647	-	\$ 17,086
Block Grants for Prevention and Treatment of Substance Abuse	93.959	21-IHSA-159951	-	172,001
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.870	IHA 163313	-	<u>1,436,937</u>
Total Department of Health and Human Service				<u>\$ 1,626,024</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u><b>\$ 1,903,071</b></u>

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021**

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary under programs of the federal government for the year ended June 30, 2021 . 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 Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary, it is not intended to and does not present the financial position, changes in net assets or cash flows of Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary.

**NOTE B - 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 Uniform Guidance.

**NOTE C - INDIRECT COST RATE**

Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary has elected to use the 10 percent de-minimus indirect cost rate allowed under Uniform Guidance.



503 N. Main St., Suite 740  
Pueblo, CO 81003-3131  
719.543.0516  
719.544.2849 Fax  
www.cpapueblo.com

**McPherson, Goodrich, Paolucci & Mihelich, PC**  
Tax/Consulting/Audit Certified Public Accountants

**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***

Independent Auditor's Report

Board of Directors  
Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary  
Pueblo, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2021.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary'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.

*M. Pherson, Coaudit, Padua & Mahler, P.C.*

October 31, 2021



503 N. Main St., Suite 740  
Pueblo, CO 81003-3131  
719.543.0516  
719.544.2849 Fax  
www.cpapueblo.com

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*Tax/Consulting/Audit*

*Certified Public Accountants*

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

Board of Directors  
Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary  
Pueblo, Colorado

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

We have audited Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary's major federal program for the year ended June 30, 2021. Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**MANAGEMENT'S RESPONSIBILITY**

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

**AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on compliance for Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary's compliance with those requirements and performing such other procedures we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination of Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary's compliance.

## OPINION ON THE MAJOR FEDERAL PROGRAM

In our opinion, Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

## REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary's internal control over compliance.

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

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

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

*McPherson, Goodrich, Paulucci & Mitchell, P.C.*

October 31, 2021