



**AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2022 AND 2021**

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
INDEX TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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Jones and Kolb
Certified Public Accountants
Atlanta, Georgia

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Catholic Charities of the Archdiocese of Atlanta, Inc.
Smyrna, Georgia

Opinion

We have audited the accompanying financial statements of Catholic Charities of the Archdiocese of Atlanta, Inc. (the "Organization" or "CCA") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of CCA as of June 30, 2022 and 2021, 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

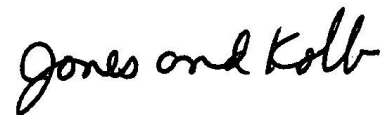
Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 schedule of expenditures of federal awards is 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 February 15, 2023 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Jones and Kolb". The signature is written in a cursive, flowing style.

February 15, 2023

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
ASSETS		
Cash and cash equivalents	\$ 2,178,019	\$ 3,548,816
Investments	27,245	2,464,870
Accounts and government grants receivable	844,940	445,376
Contributions receivable, net	280,652	566,677
Prepaid expenses	258,811	106,810
Beneficial interest in assets held by others	2,059,813	20,604
Beneficial interest in remainder trust	239,880	299,739
Property and equipment, net	179,495	89,371
	<u>\$ 6,068,855</u>	<u>\$ 7,542,263</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 104,305	\$ 164,441
Accrued liabilities	252,150	365,700
Refundable advances	299,332	83,545
Due to Archdiocese of Atlanta	51,195	39,607
Deferred rent	18,224	46,492
Paycheck Protection Program loan	-	740,000
	<u>725,206</u>	<u>1,439,785</u>
NET ASSETS		
Without donor restrictions		
Undesignated	4,017,459	4,791,433
Board-designated	415,047	213,440
	<u>4,432,506</u>	<u>5,004,873</u>
With donor restrictions	911,143	1,097,605
	<u>5,343,649</u>	<u>6,102,478</u>
Total net assets	<u>\$ 6,068,855</u>	<u>\$ 7,542,263</u>
Total liabilities and net assets	<u>\$ 6,068,855</u>	<u>\$ 7,542,263</u>

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

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUES			
Public support			
Contributions	\$ 1,561,852	\$ 177,061	\$ 1,738,913
Archdiocese of Atlanta			
Cash contributions	636,996	-	636,996
In-kind contributions	168,475	-	168,475
Private grants	917,916	-	917,916
Government grants	2,597,958	-	2,597,958
Special events, net of \$118,471 of direct cost	94,428	-	94,428
Other in-kind contributions	298,908	-	298,908
Total public support	6,276,533	177,061	6,453,594
Revenues			
Program revenues	161,036	-	161,036
Investment loss	(303,578)	-	(303,578)
Paycheck Protection Program loan forgiveness	750,360	-	750,360
Other	68,540	-	68,540
Total revenues	676,358	-	676,358
Net assets released from donor restrictions	363,523	(363,523)	-
Total public support and revenues	7,316,414	(186,462)	7,129,952
EXPENSES			
Program services	6,267,663	-	6,267,663
Management and general	958,364	-	958,364
Fundraising	662,754	-	662,754
Total expenses	7,888,781	-	7,888,781
CHANGE IN NET ASSETS	(572,367)	(186,462)	(758,829)
NET ASSETS			
Beginning of year	5,004,873	1,097,605	6,102,478
NET ASSETS			
End of year	\$ 4,432,506	\$ 911,143	\$ 5,343,649

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

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUES			
Public support			
Contributions	\$ 2,393,342	\$ 511,403	\$ 2,904,745
Archdiocese of Atlanta			
Cash contributions	649,163	-	649,163
In-kind contributions	168,475	-	168,475
Private grants	1,076,850	-	1,076,850
Government grants	2,069,660	-	2,069,660
Special events, net of \$38,091 of direct cost	270,699	-	270,699
Other in-kind contributions	422,650	-	422,650
Total public support	<u>7,050,839</u>	<u>511,403</u>	<u>7,562,242</u>
Revenues			
Program revenues	159,181	-	159,181
Investment income	676,803	-	676,803
Other	74,881	-	74,881
Total revenues	<u>910,865</u>	<u>-</u>	<u>910,865</u>
Net assets released from donor restrictions	<u>353,575</u>	<u>(353,575)</u>	<u>-</u>
Total public support and revenues	<u>8,315,279</u>	<u>157,828</u>	<u>8,473,107</u>
EXPENSES			
Program services	5,808,402	-	5,808,402
Management and general	697,364	-	697,364
Fundraising	1,271,670	-	1,271,670
Total expenses	<u>7,777,436</u>	<u>-</u>	<u>7,777,436</u>
CHANGE IN NET ASSETS	537,843	157,828	695,671
NET ASSETS			
Beginning of year	<u>4,467,030</u>	<u>939,777</u>	<u>5,406,807</u>
NET ASSETS			
End of year	<u>\$ 5,004,873</u>	<u>\$ 1,097,605</u>	<u>\$ 6,102,478</u>

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

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Refugee Settlement</u>	<u>Immigration</u>	<u>Family Stabilization</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related expenses	\$ 1,448,670	\$ 1,369,950	\$ 1,493,281	\$ 4,311,901	\$ 430,972	\$ 452,504	\$ 5,195,377
Direct assistance	677,800	2,745	122,713	803,258	911	-	804,169
Professional fees	73,129	88,685	28,361	190,175	217,290	20,996	428,461
Occupancy	86,269	56,843	106,758	249,870	135,605	35,945	421,420
Other in-kind cost	126,857	29,201	68,385	224,443	38,601	674	263,718
Fundraising and outreach	-	-	-	-	12,103	161,545	173,648
Miscellaneous	24,224	24,390	59,341	107,955	15,659	43,883	167,497
Insurance	42,333	32,722	30,584	105,639	18,921	6,839	131,399
Supplies	30,356	11,414	38,821	80,591	10,149	7,519	98,259
Conference and training	3,617	2,789	5,511	11,917	30,367	32,296	74,580
Telephone	18,546	14,490	18,144	51,180	10,591	2,806	64,577
Depreciation and amortization	16,560	5,952	24,639	47,151	11,034	135	58,320
Local transportation	35,758	1,183	2,930	39,871	2,438	806	43,115
Printing and postage	2,053	12,411	813	15,277	11,116	13,438	39,831
Maintenance and repairs	2,107	222	12,488	14,817	2,282	-	17,099
Archdiocese administrative fee	4,492	2,158	4,056	10,706	4,633	847	16,186
Subscriptions and dues	44	2,583	285	2,912	5,692	992	9,596
Total expenses	2,592,815	1,657,738	2,017,110	6,267,663	958,364	781,225	8,007,252
Less costs of direct benefits to donors	-	-	-	-	-	118,471	118,471
Total functional expenses	<u>\$ 2,592,815</u>	<u>\$ 1,657,738</u>	<u>\$ 2,017,110</u>	<u>\$ 6,267,663</u>	<u>\$ 958,364</u>	<u>\$ 662,754</u>	<u>\$ 7,888,781</u>

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

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Refugee Settlement</u>	<u>Immigration</u>	<u>Family Stabilization</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related expenses	\$ 1,097,941	\$ 1,269,236	\$ 1,395,491	\$ 3,762,668	\$ 364,763	\$ 387,489	\$ 4,514,920
Direct assistance	179,432	-	662,092	841,524	-	-	841,524
Professional fees	55,166	91,737	55,011	201,914	29,838	27,695	259,447
Occupancy	79,464	58,145	98,211	235,820	129,917	44,336	410,073
Other in-kind cost	129,080	25,833	186,297	341,210	33,264	913	375,387
Fundraising and outreach	-	-	-	-	5,741	743,994	749,735
Miscellaneous	12,276	16,019	49,679	77,974	54,205	27,841	160,020
Insurance	36,516	31,223	31,158	98,897	17,762	6,813	123,472
Supplies	11,909	10,983	52,033	74,925	9,950	13,840	98,715
Conference and training	1,464	9,028	4,356	14,848	7,134	27,205	49,187
Telephone	18,103	14,180	19,181	51,464	8,047	2,837	62,348
Depreciation and amortization	18,736	6,126	23,220	48,082	6,640	53	54,775
Local transportation	16,974	892	241	18,107	993	3,437	22,537
Printing and postage	1,325	12,671	1,339	15,335	8,330	20,993	44,658
Maintenance and repairs	2,346	637	5,071	8,054	2,379	1,282	11,715
Archdiocese administrative fee	3,720	4,353	4,703	12,776	4,440	785	18,001
Subscriptions and dues	100	3,281	1,423	4,804	13,961	248	19,013
Total expenses	1,664,552	1,554,344	2,589,506	5,808,402	697,364	1,309,761	7,815,527
Less costs of direct benefits to donors	-	-	-	-	-	38,091	38,091
Total functional expenses	<u>\$ 1,664,552</u>	<u>\$ 1,554,344</u>	<u>\$ 2,589,506</u>	<u>\$ 5,808,402</u>	<u>\$ 697,364</u>	<u>\$ 1,271,670</u>	<u>\$ 7,777,436</u>

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

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (758,829)	\$ 695,671
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS (USED IN) PROVIDED BY OPERATING ACTIVITIES:		
Depreciation and amortization	58,320	54,775
Paycheck Protection Program loan forgiveness	(740,000)	-
Realized and unrealized gain on investments	(3,702)	(481,470)
Net depreciation (appreciation) in beneficial interest in assets held by others	390,316	(3,796)
Net depreciation (appreciation) in beneficial interest in remainder trust	59,859	(47,690)
Change in accounts and government grants receivable	(399,564)	(20,980)
Change in contributions receivable	286,025	115,959
Change in prepaid expenses	(152,001)	188,386
Change in accounts payable and accrued liabilities	(173,686)	(49,161)
Change in refundable advances	215,787	(109,574)
Change in due to Archdiocese of Atlanta	11,588	1,944
Change in deferred rent	(28,268)	(23,728)
Total adjustments	(475,326)	(375,335)
Net cash and cash equivalents (used in) provided by operating activities	(1,234,155)	320,336
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(148,444)	(47,317)
Proceeds from sale/maturity of investments	2,451,729	733,394
Purchases of investments	(2,439,927)	(827,674)
Net cash and cash equivalents used in investing activities	(136,642)	(141,597)

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

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in line of credit	-	(43,108)
Net cash and cash equivalents used in financing activities	-	(43,108)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,370,797)	135,631
CASH AND CASH EQUIVALENTS		
Beginning of year	3,548,816	3,413,185
CASH AND CASH EQUIVALENTS		
End of year	\$ 2,178,019	\$ 3,548,816

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

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Catholic Charities of the Archdiocese of Atlanta, Inc. (the "Organization" or "CCA") is a voluntary health and welfare organization established by the Catholic Archdiocese of Atlanta (the "Archdiocese") as an independent juridical entity pursuant to the Code of Canon Law of the Roman Catholic Church. The Archbishop of the Archdiocese is the sole member of the corporation. The Organization qualifies as a non-profit organization within the meaning of Section 501(c)(3) of the Internal Revenue Code.

Since 1953, CCA has been providing help and creating hope for those in need through professional services that help eliminate barriers to self-sufficiency, stabilize families and transform lives. CCA serves those in need regardless of their religion and tailors services to the unique circumstances of the people served. CCA's strategic intent is to build bridges of hope, mercy and understanding. The Organization is supported through grants, contributions and in-kind donations from public and private donors and the Archdiocese.

B. In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the Statement of Activities and Net Assets, apart from contributions of cash or other financial assets, along with expanded disclosure requirements.

C. The accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

D. The Organization classifies net assets and revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. The Organization records contributions of cash and other assets as income without donor restrictions unless specifically restricted by the donor. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operation of the Organization. The governing Board has designated an amount, from net assets without donor restrictions, for contingencies.

Net assets with donor restrictions - Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature; for example, restrictions that may

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature; for example, stipulating that those resources be maintained in perpetuity. The donors of these assets permit the Organization to use all of the income earned on related investments for general or specific purposes. More specifically, items included in net assets with donor restrictions are gifts for which restrictions have not been met.

When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Net Assets as "net assets released from donor restrictions."

E. Contributions and private grants are recognized as revenue 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 within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts, if any, is included in contributions in the accompanying Statements of Activities and Net Assets. Conditional pledges, that is, those with a measurable performance obligation or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to the Organization meeting the required conditions are recorded as refundable advances in the Statements of Financial Position. On June 30, 2022 and 2021, the Organization had refundable advances related to conditional grants of \$299,332 and \$83,545, respectively.

The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. The allowance for doubtful accounts was \$103,000 and \$170,000 on June 30, 2022 and 2021, respectively.

The Organization records non-cash contributions at their estimated fair market value at the date of the contribution. The Organization records contributed services as contribution revenue and as an expense if the services create or enhance a nonfinancial asset, or the services would (1) need to be purchased by the Organization if not provided by contribution, (2) require specialized skills, and (3) are provided by individuals with those skills.

Government grants are in the form of cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures, if any, are reported as refundable advances in the Statements of Financial Position.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

CCA recognizes revenues from special events and programs in the period the event occurs. Amounts received prior to the event are reported as deferred revenue in the Statements of Financial Position. The Organization did not have any deferred revenues related to special events or programs as of June 30, 2022 and 2021.

F. The Organization considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

G. Investments, beneficial interest in assets held by others and beneficial interest in remainder trust are recorded at fair value. Unrealized gains and losses are included with investment income in the Statements of Activities and Net Assets. Interest, dividends and gains and losses on investments are recorded as changes in net assets without donor restrictions or net assets with donor restrictions depending on any donor stipulations on the use of the income.

H. Accounts and government grants receivable consist of government grants, program service fees and other receivables. Accounts and government grants receivable are recorded at the amount of cash estimated as realizable. The Organization provides an allowance for doubtful accounts based on the estimated collectability. When an account is determined uncollectible, it is written off to bad debt expense. Receivables are considered delinquent based on the contractual terms of the account. Management believes that the accounts and government grants receivable are fully collectible; therefore, no allowance for accounts and government grants receivable is provided.

I. Purchased property and equipment are recorded at cost, and donated assets are recorded at their estimated fair market value at the date of donation. Repairs and maintenance are expensed as incurred. Property and equipment are depreciated over the estimated useful lives of the related assets using the straight-line method. Estimated useful lives of the assets range from three to ten years. Leasehold improvements are amortized over their estimated useful lives or their lease term, whichever is shorter.

J. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. Certain prior year amounts have been reclassified to conform to the current year financial statements presentation.

L. Subsequent events have been evaluated by management through February 15, 2023, the date these financial statements were available to be issued.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

2. LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following on June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,091,709	\$ 2,537,510
Investments	27,245	2,464,870
Accounts and government grants receivable	844,940	275,376
Contributions receivable	222,832	603,972
Expendable portion of beneficial interest held by others	1,842,518	-
Distribution from beneficial interest in assets held by others	108,700	99,933
Distribution from endowment	3,300	3,159
	<u>3,300</u>	<u>3,159</u>
Total	<u>\$ 4,141,244</u>	<u>\$ 5,984,820</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. On June 30, 2022 and 2021, current assets include \$911,143 and \$1,097,605, respectively, of cash received from donors with purpose restrictions. While the Organization does not intend to fully utilize these funds in the general course of business, they are available for the donor-restricted purpose when necessary.

3. FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Level 1 within the hierarchy states that valuations are based on unadjusted quoted market prices for identical assets or liabilities in active markets. Level 2 within the hierarchy states that valuations are based on quoted prices for similar assets in active markets, quoted prices for identical assets in inactive markets or other observable inputs other than quoted market prices. Level 3 within the hierarchy states that valuations are derived from valuation techniques in which one or more significant inputs are unobservable. At June 30, 2022 and 2021, the only assets or liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition are investments.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Following are valuation methodology descriptions used for assets measured at fair value:

Cash and money market: Valued at the amount payable on demand at the measurement date.

Equities, exchange-traded funds and REIT funds: Valued at the closing price reported on the active market on which the individual securities are traded.

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

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

Beneficial interest in assets held by others: Valued based upon the Organization's share of the Foundation's pooled investment portfolio (see Note 5).

Beneficial interest in remainder trust: Valued using the fair value of the assets held in the trust as reported by the trustee. Management considers the measurement of its beneficial interest in the trust to be Level 3 within the fair value hierarchy because, although the measurement is based on the unadjusted fair value of the trust assets as reported by the trustee, the Organization does not have the ability to direct the trustee to redeem them.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities and exchange traded funds	\$ 27,245	\$ -	\$ -	\$ 27,245
Beneficial interest in assets held by others	-	-	2,059,813	2,059,813
Beneficial interest in remainder trust	-	-	239,880	239,880
Total	<u>\$ 27,245</u>	<u>\$ -</u>	<u>\$ 2,299,693</u>	<u>\$ 2,326,938</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and money market	\$ 79,059	\$ -	\$ -	\$ 79,059
Equities and exchange traded funds	1,454,627	-	-	1,454,627
Mutual funds	272,869	-	-	272,869
REIT funds	34,303	-	-	34,303
U.S. Treasuries	-	95,343	-	95,343
Corporate bonds	-	528,669	-	528,669
Beneficial interest in assets held by others	-	-	20,604	20,604
Beneficial interest in remainder trust	-	-	299,739	299,739
Total	<u>\$ 1,840,858</u>	<u>\$ 624,012</u>	<u>\$ 320,343</u>	<u>\$ 2,785,213</u>

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 investments for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 320,343	\$ 268,857
Transfers in	2,421,560	-
Interest	14,531	320
Administrative expenses	(5,875)	(271)
Distributions	(690)	(628)
Net (depreciation) appreciation	<u>(450,176)</u>	<u>52,065</u>
Balance, end of year	<u>\$ 2,299,693</u>	<u>\$ 320,343</u>

Investment income is summarized as follows for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 153,626	\$ 161,183
Investment management fees	(10,730)	(17,915)
Net (depreciation) appreciation of beneficial interest in assets held by others	(390,316)	4,374
Net (depreciation) appreciation of beneficial interest in remainder trust	(59,860)	47,691
Net realized and unrealized gain	<u>3,702</u>	<u>481,470</u>
Total investment (loss) income	<u>\$ (303,578)</u>	<u>\$ 676,803</u>

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of unconditional promises to give recognized as revenue and as assets in the period received. Contributions receivable consist of the following on June 30:

	<u>2022</u>	<u>2021</u>
Contributions expected to be collected in:		
Less than one year	\$ 325,832	\$ 603,972
One year to five years	<u>57,820</u>	<u>132,705</u>
	383,652	736,677
Less allowance for doubtful accounts	<u>(103,000)</u>	<u>(170,000)</u>
Contributions receivable, net	<u>\$ 280,652</u>	<u>\$ 566,677</u>

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

5. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

During 2022, the Organization established the Catholic Charity Atlanta Resource Fund with the Catholic Foundation of North Georgia (the "Foundation"). Except for \$200,000, the fund is an expendable fund, meaning that 100% of the fund's balance (above \$200,000) will be available through distributions for the needs of CCA. In general, CCA will receive income distributions, subject to the Foundation's spending policy. This fund has been recognized as a beneficial interest in assets held by others in the accompanying Statements of Financial Position. The fund balance was \$2,042,518 at June 30, 2022. The Foundation requires that \$200,000 of the total balance be held in perpetuity. The Organization did not receive income distributions from this fund during the year ended June 30, 2022.

During 2011, the Organization established an endowment agreement with the Foundation. The Organization is entitled to receive distributions of income, subject to the Foundation's spending policy. This fund has been recognized as a beneficial interest in assets held by others in the accompanying Statements of Financial Position. The fund balance was \$17,295 and \$20,604 at June 30, 2022 and 2021, respectively. The Foundation requires that \$12,250 of the total balance be held in perpetuity. The Organization received income distributions of \$3,300 and \$3,159 from this fund during the years ended June 30, 2022 and 2021, respectively.

The Foundation also has endowment funds established by donors for the benefit of the Organization. The Organization is entitled to receive distributions of income, subject to the Foundation's spending policy; however, the Foundation has ultimate authority and control over the endowment funds. Accordingly, these endowment funds have not been recognized by the Organization in the accompanying Statements of Financial Position. The Organization received income distributions of \$108,700 and \$97,189 from these funds during the years ended June 30, 2022 and 2021, respectively.

6. BENEFICIAL INTEREST IN REMAINDER TRUST

Net assets with donor restrictions include the Organization's beneficial interest in a remainder trust. This trust was established upon the death of a donor and is held and managed by a bank. Under the terms of the trust, the Organization will receive a lump-sum distribution upon the death of the lead beneficiary based on a percentage of the fair value of the trust assets. On June 30, 2022 and 2021, the Organization's interest in the trust was \$239,880 and \$299,739, respectively.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following on June 30:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 332,463	\$ 219,506
Transportation equipment	210,718	188,366
Computer software	115,588	115,587
Furniture and fixtures	64,962	64,962
Leasehold improvements	68,954	68,955
	<hr/>	<hr/>
Total	792,685	657,376
Less accumulated depreciation and amortization	613,190	568,005
	<hr/>	<hr/>
Property and equipment, net	<u>\$ 179,495</u>	<u>\$ 89,371</u>

8. NET ASSETS

Changes to net assets with donor restrictions are as follows on June 30:

	<u>2021</u>	<u>Additions</u>	<u>Releases</u>	<u>2022</u>
Subject to expenditure for specified purpose:				
Restoring dignity	\$ 456,737	\$ 116,192	\$ (176,262)	\$ 396,667
Beneficial interest in remainder trust	261,399	-	(21,519)	239,880
Transforming lives	131,361	-	(47,195)	84,166
Disaster relief	73,622	750	(28,150)	46,222
Other program purposes	162,236	60,119	(90,397)	131,958
	<hr/>	<hr/>	<hr/>	<hr/>
	1,085,355	177,061	(363,523)	898,893
Perpetual in nature	12,250	-	-	12,250
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$1,097,605</u>	<u>\$ 177,061</u>	<u>\$ (363,523)</u>	<u>\$ 911,143</u>

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2020</u>	<u>Additions</u>	<u>Releases</u>	<u>2021</u>
Subject to expenditure for specified purpose:				
Restoring dignity	\$ 314,167	\$ 222,110	(79,540)	\$ 456,737
Beneficial interest in remainder trust	252,049	9,350	-	261,399
Transforming lives	141,667	27,500	(37,806)	131,361
Disaster relief	103,468	49,690	(79,536)	73,622
Other program purposes	116,176	202,753	(156,693)	162,236
	927,527	511,403	(353,575)	1,085,355
Perpetual in nature	12,250	-	-	12,250
Total	<u>\$ 939,777</u>	<u>\$ 511,403</u>	<u>\$ (353,575)</u>	<u>\$1,097,605</u>

Board-designated net assets consist of funds designated to meet the Organization's annual insurance deductible should claims arise. Board-designated net assets also include amounts to be held in perpetuity by the Catholic Foundation of North Georgia related to the beneficial interest in assets held by others (see Note 5).

9. IN-KIND CONTRIBUTIONS

The Organization's in-kind contributions consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Rent and utilities	\$ 168,475	\$ 168,475
Information technology services	149,144	114,085
Volunteer time	61,665	180,301
Household items	40,162	12,411
Auction items	35,189	47,264
Miscellaneous	7,374	11,846
Clothing	3,945	6,643
Food	1,429	28,430
Supplies	-	21,670
Total	<u>\$ 467,383</u>	<u>\$ 591,125</u>

Rent is valued using rent per square foot for comparable office space. Utilities are valued using actual utility costs allocated to the space occupied by the Organization. The contributed rent and utilities are used for both program and supporting services.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

The Organization receives items to be sold at its annual gala. Contributed auction items are valued at the gross selling price received.

Volunteer time is valued using the vendor's customary rate or a rate based on a comparable position within the Organization. The remaining in-kind contributions are valued using estimated average U.S. prices of identical or similar products or services using pricing data of similar products or services under a "like-kind" methodology, considering the utility of the goods or services at the time of the contribution. These in-kind products and services were used for the Organization's program activities. No in-kind contributions were restricted.

10. PPP LOAN

In May 2020, the Organization received loan proceeds in the amount of \$740,000 under the Paycheck Protection Program ("PPP") created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration ("SBA"). The Organization is eligible for loan forgiveness up to 100% of the loan and accrued interest, upon meeting certain requirements. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1.00%, with deferral of payments for the first ten months. The Organization has chosen to recognize the proceeds as a financial liability in accordance with generally accepted accounting principles until such time as the loan is legally forgiven. During the year ended June 30, 2022, the Organization applied for and received forgiveness of the entire loan amount and accrued interest from the SBA. The amount of forgiveness is presented as a component of revenues on the Statement of Activities and Net Assets for the year ended June 30, 2022.

11. FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation for personnel services and facilities. Compensation for personnel services is documented with timesheets and allocated based on time spent on each program or grant. Facilities are allocated based on square footage. All other expenses are charged directly to the program benefitting from those costs.

12. COMMITMENTS

The Organization has entered into operating leases for office space and equipment expiring at various dates through June 30, 2027. Management anticipates that expired leases will be renewed or replaced in the normal course of business.

Future minimum lease payments under non-cancelable operating leases with remaining terms in excess of one year are as follows:

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Year Ending June 30,	Amount
2023	\$ 222,923
2024	270,060
2025	114,343
2026	8,808
2027	7,340
Total	\$ 623,474

For the years ended June 30, 2022 and 2021, rent expense, excluding in-kind use of facilities and equipment, totaled \$317,280 and \$258,544, respectively.

13. CONCENTRATIONS

The Organization maintains cash balances with a bank and a brokerage firm. Occasionally, these balances may exceed the insurance limits provided for by the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation. Based on the financial strength of the institutions, management believes the risk of loss is minimal.

14. SIGNIFICANT SOURCE OF REVENUE

The Organization receives a significant portion of its revenue from federal, state and other pass-through government agencies in the form of grants. These grants are either renewable on an annual basis or are one-time grants that may be dependent on current and future economic and social conditions. Federally funded grants received either directly or indirectly accounted for approximately 36% and 25% of total revenue for the years ended June 30, 2022 and 2021, respectively. In 2022 and 2021, approximately 46% and 32%, respectively, of the federal grants came either directly or indirectly from the U.S. Department of Health and Human Services.

15. RELATED PARTY TRANSACTIONS

The Organization participates in a defined contribution retirement plan (the "Plan") which is administered by RCAA Administrative Services, Inc. ("RCAA") and covers substantially all lay employees who are over 21 years old and have completed one year of service. Upon entering the Plan, the Organization funds 6% of an eligible participant's salary if the participant was employed for at least 1,000 hours during each Plan year. The Plan is totally employer funded and employees are not permitted to make contributions to the Plan. The Organization contributed \$146,532 and \$124,203 to the Plan during the years ended June 30, 2022 and 2021, respectively. The Organization has amounts payable to RCAA related to these retirement contributions totaling \$26,257 and \$12,031 at June 30, 2022 and 2021, respectively.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

The Organization's health, life and workers' compensation insurance are provided under the RCAA's insurance plan and are billed to the Organization. Expenses billed in the years ended June 30, 2022 and 2021 related to these insurance premiums were \$1,066,627 and \$938,289, respectively. The Organization has amounts payable to RCAA related to these insurance premiums totaling \$22,817 and \$25,566 at June 30, 2022 and 2021, respectively.

The Organization invests excess funds with the AoA Deposit and Loan Fund Trust (the "Trust"), which earns interest at a rate determined by the Trust (currently 0.75%). The Trust receives funds from various schools, parishes and other related agencies and in turn loans funds to other schools, parishes and related agencies. The Organization's funds invested in the Trust at June 30, 2022 and 2021 totaled \$1,103,756 and \$1,095,512, respectively.

During the years ended June 30, 2022 and 2021, the Organization received contributions totaling \$636,996 and \$649,163, respectively, from the Archdiocese to support operations.

The Archdiocese provides both the facility and utilities for the Organization's corporate office location. The total value of the facility and utilities was determined by the Archdiocese to be \$168,475 during the years ended June 30, 2022 and 2021 and has been recognized as in-kind contributions in the accompanying Statements of Activities and Net Assets.

The Organization has a line of credit agreement with the Archdiocese that allows for borrowings up to \$500,000 to fund operations. The borrowings accrue interest at a rate of 4%. The outstanding balance and interest are to be repaid in monthly installments at the stated interest rate. There was no outstanding balance on the line on June 30, 2022 and 2021. The line is set to mature in October 2023.

16. CONTINGENCIES

The Organization is, from time to time, subject to legal proceedings and claims that arise in the ordinary course of business. The Organization carries insurance coverage, subject to a deductible, for risk of loss. Management is not aware of any material claims that could have a material impact on its financial statements.

In March 2020, the World Health Organization declared a novel strain of coronavirus (COVID-19) as a pandemic, with the outbreak widespread in the U.S. CCA's operations are dependent on government and private grants as well as other contributions. The outbreak may have a material adverse impact on economic and market conditions, triggering a period of economic slowdown. This potential slowdown could lead to a decline in future grants and contributions received by the Organization. CCA has not seen an adverse financial effect of the outbreak as of June 30, 2022. However, funders are changing the requirements of their programs from pre-pandemic guidelines. These changes may impact programmatic deliverables and staffing levels in the coming year.



Jones and Kolb
Certified Public Accountants
Atlanta, Georgia

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 the Archdiocese of Atlanta, Inc.
Smyrna, Georgia

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 Archdiocese of Atlanta, Inc., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and net assets, 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 February 15, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Catholic Charities of the Archdiocese of Atlanta, Inc.'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 Archdiocese of Atlanta, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Catholic Charities of the Archdiocese of Atlanta, Inc.'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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Catholic Charities of the Archdiocese of Atlanta, Inc.'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-001.

Catholic Charities of the Archdiocese of Atlanta, Inc.'s Response to the Finding

Catholic Charities of the Archdiocese of Atlanta, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Catholic Charities of the Archdiocese of Atlanta, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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 Catholic Charities of the Archdiocese of Atlanta, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Catholic Charities of the Archdiocese of Atlanta, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



February 15, 2023



Jones and Kolb
Certified Public Accountants
Atlanta, Georgia

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Catholic Charities of the Archdiocese of Atlanta, Inc.
Smyrna, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Catholic Charities of the Archdiocese of Atlanta, Inc.'s (the "Organization" or "CCA") 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, 2022. CCA'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, CCA complied, in all material respects, with the types of 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, 2022.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding CCA'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 CCA'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 CCA'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Jones and Kolb

February 15, 2023

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiencies identified
that are not considered to be
material weakness(es)? yes X none reported

Noncompliance material to financial
statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiencies identified
that are not considered to be
material weakness(es)? yes X none reported

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are
required to be reported in accordance
with 2 CFR 200.516(a) yes X no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
19.510	Refugee Admission Program

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

Auditee qualified as low-risk auditee? X yes no

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

Section III – Federal Award Findings and Questioned Costs

See finding 2022-001 in Financial Statements Finding section of Schedule of Findings and Questioned Costs.

See Independent Auditor's Report.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Grantor/Program Title	Assistance Listing Number	Agency Number	Expenditures
U.S. Department of Health and Human Services			
Pass-through from Georgia Dept. of Human Services			
Promoting Safe and Stable Families Program	93.556	42700-040C-PSSF-21-22	<u>4,547</u>
Total for program			<u>4,547</u>
Pass-through from Georgia Dept. of Human Services			
Refugee and Entrant Assistance - State Administered Programs			
Refugee Social Services	93.566	42700-040-0000094273	32,987
Refugee Social Services	93.566	42700-040-0000102860	119,673
Refugee Youth Mentoring	93.566	42700-040-0000094320	24,102
Refugee Youth Mentoring	93.566	42700-040-0000102865	37,601
Afghan Humanitarian Parolee Support Services	93.566	42700-040-0000106215	18,038
Pass-through from Georgia Dept. of Human Services			
Refugee and Entrant Assistance - Discretionary Grants			
Refugee School Impact Program	93.566	42700-040-000010297	<u>69,900</u>
Total for program			<u>302,301</u>
Pass-through from U.S. Conference of Catholic Bishops			
Refugee and Entrant Assistance - Voluntary Agency Programs			
Match Grant Program	93.567		<u>498,613</u>
Total for program			<u>498,613</u>
Pass-through from Committee for Refugees and Immigrants			
Trafficking Victim Assistance Program	16.320		<u>33,175</u>
Total for program			<u>33,175</u>
Pass-through from U.S. Conference of Catholic Bishops			
Unaccompanied Alien Children Program - Safe Passages II	93.676		<u>281,282</u>
Total for program			<u>281,282</u>
Pass-through from U.S. Conference of Catholic Bishops			
Refugee and Entrant Assistance - Discretionary Grants			
Preferred Communities	93.576		<u>70,658</u>
Total for program			<u>70,658</u>
Total U.S. Department of Health and Human Services			<u>1,190,576</u>

See Independent Auditor's Report.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Grantor/Program Title	Assistance Listing Number	Agency Number	Expenditures
U.S. Department of State			
Pass-through from U.S. Conference of Catholic Bishops			
Refugee Admissions Program			
Afghan Placement and Assistance Program	19.510		\$ 251,903
Reception and Placement Program	19.510		203,669
Direct Assistance Program	19.510		<u>124,858</u>
Total for program			<u>580,430</u>
Total U.S. Department of State			<u>580,430</u>
U.S. Department of Education			
Pass-through from Georgia Dept. of Education			
Citizenship Education and Training			
	84.002A		<u>349,688</u>
Total for program			<u>349,688</u>
Pass-through from Georgia Dept. of Education			
American Rescue Plan - Elementary and Secondary			
Secondary School Emergency Relief	84.425U		<u>2,876</u>
Total for program			<u>2,876</u>
Total U.S. Department of Education			<u>352,564</u>
U.S. Department of Justice			
Pass-through from State of Georgia Office of the Governor			
Criminal Justice Coordinating Council			
Coronavirus Emergency Supplemental Funding Program	16.034	B50-8-004	<u>36,657</u>
Total for program			<u>36,657</u>
Victims of Crime Act Grant Program	16.575	C18-8-463	45,516
Victims of Crime Act Grant Program	16.575	C18-8-533	19,158
Victims of Crime Act Grant Program	16.575	C20-8-195	<u>99,241</u>
Total for program			<u>163,915</u>
Pass-through from Catholic Charities USA			
National Mentoring Program			
	16.726		<u>44,286</u>
Total for program			<u>44,286</u>
Total U.S. Department of Justice			<u>244,858</u>

See Independent Auditor's Report.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Grantor/Program Title	Listing Number	Agency Number	Expenditures
U.S. Department of Housing and Urban Development			
Pass-through from Catholic Charities USA			
Housing Counseling Assistance Program	14.169		34,703
Total for program			34,703
Pass-through from Gwinnett County			
Community Development Block Grant	14.218		26,908
Pass-through from Dekalb County			
Community Development Block Grant	14.218		10,853
Pass-through from City of Marietta			
Community Development Block Grant	14.218		10,381
Total for program			48,142
Pass-through from Dekalb County			
Emergency Solutions Grant	14.231		6,206
Total for program			6,206
Total U.S. Department of Housing and Urban Development			89,051
U.S. Department of Homeland Security			
Pass-through from United Way of Metro Atlanta			
Emergency Food and Shelter National Board Program	97.024		16,677
COVID-19 Emergency Food and Shelter National Board Program	97.024		15,015
Total for program			31,692
Total U.S. Department of Homeland Security			31,692
U.S. Department of Agriculture, Food and Nutrition			
Pass-through from Structured Employment Economic Development Corporation State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			
Atlanta Food Stamp Outreach Initiative (SNAP)	10.561	42700-040-0000098085	15,505
Atlanta Food Stamp Outreach Initiative (SNAP)	10.561	42700-040-0000104186	40,695
Total for program			56,200
Total U.S. Department of Agriculture, Food and Nutrition			56,200

See Independent Auditor's Report.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Grantor/Program Title	Listing Number	Agency Number	Expenditures
NeighborWorks America			
Pass-through from Catholic Charities USA			
Housing Stability Counseling Program	99.U19		2,707
Total for program			2,707
Total NeighborWorks America			2,707
Corporation for National and Community Service			
Pass-through from Catholic Charities USA			
Americorps National Direct Program - Financial Literacy	94.006		16,889
Total for program			16,889
Total Corporation for National and Community Service			16,889
TOTAL FEDERAL AWARDS			\$ 2,564,967

NOTES TO SCHEDULE

This schedule includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2022. 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 this 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.

Expenditures reported on this 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.

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

See Independent Auditor's Report.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

Prior Year Financial Statement Findings

2021-01: **Coronavirus Relief Funds – CFDA No. 21.019; Pass-through from City of Atlanta, Gwinnett County, DeKalb County and City of Tucker; Grant Period: Year Ended June 30, 2021**

Condition: Auditors reviewed 25 direct assistance payments noting that CCA did not maintain proper supporting documentation for one of the payments.

Current Status: Corrected

See Independent Auditor's Report.