

**CATHOLIC CHARITIES, ARCHDIOCESE OF SAN
ANTONIO, INC. AND AFFILIATES**

**Audited Consolidated Financial Statements
and
Single Audit Reports**

June 30, 2021

ADKF, P.C.
Certified Public Accountants

CATHOLIC CHARITIES, ARCHDIOCESE OF SAN ANTONIO, INC. AND AFFILIATES
Table of Contents
June 30, 2021

	<u>Page</u>
Audited Consolidated Financial Statements	
Independent Auditor's Report	1
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	6
Notes to Audited Consolidated Financial Statements	7
Supplementary Schedules	
Consolidating Statement of Financial Position	18
Consolidating Statement of Activities	19
Single Audit Reports	
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 <i>Government Auditing Standards</i>	20
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by The <i>Uniform Guidance</i>	22
Schedule of Expenditures of Federal Awards	24
Notes to Schedule of Expenditures of Federal Awards	27
Schedule of Findings and Questioned Costs	28



ADKF

with you
all the way

Member of the AICPA & TXCPA.

Registered with Public Company
Accounting Oversight Board.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Catholic Charities, Archdiocese of San Antonio, Inc. and Affiliates
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Catholic Charities, Archdiocese of San Antonio, Inc. and Affiliates (the Agency), 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 Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards 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 auditor's judgment, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities, Archdiocese of San Antonio, Inc. and Affiliates as of June 30, 2021 and 2020, and the consolidated activities, functional expenses and cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

- 1 -

MAIN OFFICE:

8610 N. New Braunfels, STE 101
San Antonio, TX 78217

Phone: 210.829.1300
Fax: 210.829.4080

672 Ridge Hill Dr., STE B
New Braunfels, TX 78130

Phone: 830.387.4441

616 E. Blanco, STE 300e
Boerne, TX 78006

Phone: 830.815.1100



WWW.ADKF.CPA

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating financial statements and schedule of expenditures of federal awards for the year ended June 30, 2021, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. 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 December 15, 2021, on our consideration of the Agency'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 Agency'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 Agency's internal control over financial reporting and compliance.

ADKF, PC

ADKF, P.C.
San Antonio, Texas
December 15, 2021

CATHOLIC CHARITIES, ARCHDIOCESE OF SAN ANTONIO, INC. AND AFFILIATES
Consolidated Statements of Financial Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 4,490,731	\$ 3,498,283
Cash and cash equivalents, restricted client trust deposits	106,598	142,533
Cash and cash equivalents, restricted client IOLTA deposits	61,455	157,777
Total cash, cash equivalents and restricted cash	<u>4,658,784</u>	<u>3,798,593</u>
Accounts receivable, net	1,440,014	1,425,383
Due from related parties	539,655	147,616
Investments, at fair value	209,716	158,436
Beneficial interest in assets held by Catholic Community Foundation	1,842,419	1,091,165
Prepaid expenses	50,322	99,268
Property and equipment, net	<u>2,774,377</u>	<u>2,535,201</u>
Total Assets	<u><u>\$ 11,515,287</u></u>	<u><u>\$ 9,255,662</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable, trade	\$ 276,167	\$ 470,236
Accrued liabilities	1,112,083	889,110
Client trust funds payable	106,598	142,533
Deferred revenue	100,000	-
IOLTA deposits	61,455	157,777
PPP loan payable, current portion	-	576,490
Total current liabilities	<u>1,656,303</u>	<u>2,236,146</u>
PPP loan payable, net of current portion	-	733,010
Total liabilities	<u>1,656,303</u>	<u>2,969,156</u>
Net Assets:		
Without donor restrictions:		
Available for general operations	5,848,715	2,805,489
Invested in property and equipment	2,774,377	2,535,201
Designated for programs	863,338	624,796
Total without donor restrictions	<u>9,486,430</u>	<u>5,965,486</u>
With donor restrictions	372,554	321,020
Total net assets	<u>9,858,984</u>	<u>6,286,506</u>
Total Liabilities and Net Assets	<u><u>\$ 11,515,287</u></u>	<u><u>\$ 9,255,662</u></u>

See notes to consolidated audited financial statements.

CATHOLIC CHARITIES, ARCHDIOCESE OF SAN ANTONIO, INC. AND AFFILIATES
Consolidated Statements of Activities
Years Ended June 30, 2021 and 2020

	<u>2021</u>			<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and other support						
Contracts and grants:						
Federal grants	\$ 7,658,272	\$ -	\$ 7,658,272	\$ 6,656,087	\$ -	\$ 6,656,087
State of Texas	275,452	-	275,452	295,191	-	295,191
City of San Antonio	118,322	-	118,322	152,256	-	152,256
County of Bexar	212,012	-	212,012	256,920	-	256,920
Foundations and other	828,389	90,800	919,189	555,283	44,000	599,283
PPP loan grant	1,309,500	-	1,309,500	-	-	-
United Way of San Antonio and Bexar County	464,283	-	464,283	699,496	-	699,496
Program services fees	624,055	-	624,055	553,833	-	553,833
Archdiocese of San Antonio	605,592	-	605,592	922,144	-	922,144
Religious organizations	182,153	35,000	217,153	142,272	75,000	217,272
Special events, net of expenses	1,161,751	-	1,161,751	1,066,322	-	1,066,322
Contributions	1,454,436	-	1,454,436	1,242,511	15,900	1,258,411
Donated facilities, goods and services	3,750,012	-	3,750,012	2,699,621	-	2,699,621
Investment earnings, net of expenses	410,754	-	410,754	62,798	-	62,798
Other	1,424,089	-	1,424,089	1,115,906	-	1,115,906
Total revenue and other support	<u>20,479,072</u>	<u>125,800</u>	<u>20,604,872</u>	<u>16,420,640</u>	<u>134,900</u>	<u>16,555,540</u>
Expenses						
Program services	15,787,940	-	15,787,940	14,063,971	-	14,063,971
Management and general	860,365	-	860,365	1,293,783	-	1,293,783
Fundraising expenses	384,089	-	384,089	503,198	-	503,198
Total expenses	<u>17,032,394</u>	<u>-</u>	<u>17,032,394</u>	<u>15,860,952</u>	<u>-</u>	<u>15,860,952</u>
Change in Net Assets	3,446,678	125,800	3,572,478	559,688	134,900	694,588
Net assets released from restrictions	74,266	(74,266)	-	254,695	(254,695)	-
Net assets at beginning of year	<u>5,965,486</u>	<u>321,020</u>	<u>6,286,506</u>	<u>5,151,103</u>	<u>440,815</u>	<u>5,591,918</u>
Net Assets at Year End	<u>\$ 9,486,430</u>	<u>\$ 372,554</u>	<u>\$ 9,858,984</u>	<u>\$ 5,965,486</u>	<u>\$ 321,020</u>	<u>\$ 6,286,506</u>

See notes to consolidated audited financial statements.

CATHOLIC CHARITIES, ARCHDIOCESE OF SAN ANTONIO, INC. AND AFFILIATES
Consolidated Statement of Functional Expenses
Years Ended June 30, 2021 and 2020

	2021				2020			
	Program	Management	Fundraising	Total	Program	Management	Fundraising	Total
Salaries	\$ 5,652,421	\$ 308,159	\$ 143,842	\$ 6,104,422	\$ 5,175,388	\$ 629,691	\$ 150,774	\$ 5,955,853
Employee health insurance	642,185	39,990	11,352	693,527	564,018	43,580	15,703	623,301
Payroll taxes and workers' compensation	424,160	26,422	401	450,983	405,434	34,336	9,476	449,246
Retirement benefits	249,517	15,746	4,443	269,706	231,932	22,939	6,227	261,098
Total salaries and related expenses	6,968,283	390,317	160,038	7,518,638	6,376,772	730,546	182,180	7,289,498
Other Expenses:								
Advertising, printing and publishing	14,413	6,578	24,469	45,460	9,741	-	21,027	30,768
Bad debt	57,236	-	-	57,236	43,893	-	-	43,893
Continuing education and conferences	48,508	13,085	3,369	64,962	36,675	11,947	2,507	51,129
Contract services	609,435	9,284	7,511	626,230	721,423	168,260	3,647	893,330
Donated facilities, goods and services	3,615,940	5,092	128,980	3,750,012	2,470,786	53,685	175,150	2,699,621
Equipment rental and maintenance	249,117	29,257	1,302	279,676	219,481	46,755	12,155	278,391
Insurance	35,950	20,194	1,752	57,896	42,539	-	-	42,539
Membership dues and publications	100,971	12,438	6,868	120,277	106,126	23,505	3,250	132,881
Occupancy	211,287	31,490	5,116	247,893	249,820	39,130	4,303	293,253
Other	152,720	58,166	4,765	215,651	138,623	34,329	17,242	190,194
Postage and shipping	55,856	11,737	12,253	79,846	62,098	12,338	10,773	85,209
Professional fees	133,755	150,715	5,097	289,567	155,185	63,335	39,907	258,427
Specific assistance	3,007,272	18,904	741	3,026,917	2,723,969	1,453	558	2,725,980
Supplies	196,905	34,217	6,713	237,835	221,614	36,499	14,685	272,798
Telephone	71,719	21,742	4,319	97,780	84,135	18,805	4,711	107,651
Travel	47,605	7,731	620	55,956	145,050	9,887	1,087	156,024
Volunteer recognition	22,162	-	246	22,408	58,734	71	-	58,805
Total other expenses	8,630,851	430,630	214,121	9,275,602	7,489,892	519,999	311,002	8,320,893
Depreciation	188,806	39,418	9,930	238,154	197,307	43,238	10,016	250,561
Total expenses	\$ 15,787,940	\$ 860,365	\$ 384,089	\$ 17,032,394	\$ 14,063,971	\$ 1,293,783	\$ 503,198	\$ 15,860,952
Special event costs not included above:								
Venue and catering expenses			\$ 18,102	\$ 18,102			\$ 160,304	\$ 160,304
Other direct expenses			39,634	39,634			165,027	165,027
Total			\$ 57,736	\$ 57,736			\$ 325,331	\$ 325,331

See notes to consolidated audited financial statements.

CATHOLIC CHARITIES, ARCHDIOCESE OF SAN ANTONIO, INC. AND AFFILIATES
Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Activities		
Change in net assets	\$ 3,572,478	\$ 694,588
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	238,154	250,561
Realized (gain) on investments	(406,235)	(11,540)
Bad debt	57,236	43,893
PPP loan grant	(1,309,500)	-
Change in operating assets and liabilities:		
Accounts receivable	(71,867)	(290,661)
Related party receivables	(392,039)	111,593
Prepaid expenses	48,946	(76,829)
Accounts payable and accrued expenses	(7,031)	61,047
Deferred revenue and IOLTA deposits	3,678	(98,037)
Other liabilities	-	(7,931)
Net cash provided by operating activities	<u>1,733,820</u>	<u>676,684</u>
Investing Activities		
Purchases of property and equipment	(477,330)	(248,192)
Net beneficial interest in assets held by Catholic Community Fdn.	(395,850)	(374,545)
Net investment activity	(449)	(730)
Net cash (used) by investing activities	<u>(873,629)</u>	<u>(623,467)</u>
Financing Activities		
Proceeds from PPP Loan	-	1,309,500
Net cash provided by financing activities	<u>-</u>	<u>1,309,500</u>
Change in cash, cash equivalents and restricted cash	860,191	1,362,717
Cash, cash equivalents and restricted cash at beginning of year	<u>3,798,593</u>	<u>2,435,876</u>
Cash, Cash Equivalents and Restricted Cash at End of Year	<u><u>\$ 4,658,784</u></u>	<u><u>\$ 3,798,593</u></u>
Supplemental Disclosures		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	-	-

See notes to consolidated audited financial statements.

CATHOLIC CHARITIES, ARCHDIOCESE OF SAN ANTONIO, INC. AND AFFILIATES
Notes to Audited Consolidated Financial Statements
June 30, 2021 and 2020

NOTE A – NATURE OF ORGANIZATION

Organization: Catholic Charities, Archdiocese of San Antonio, Inc. (CCAOSA or Agency) was established in 1941 as the Catholic Welfare Board functioning as the Social Service Agency of the Archdiocese of San Antonio. In 1965, CCAOSA was incorporated in the state of Texas as a nonprofit organization and changed its name to Catholic Family and Children Services, Inc. In 1995, CCAOSA became part of the Catholic Charities national social service system and changed to its current name.

The mission of CCAOSA is to provide for the needs of the community through selfless service under the signs of love. CCAOSA's primary source of revenue and support is from government programs, United Way and contributions.

San Antonio Birth Doulas (SABD) became an affiliate of CCAOSA in 2005. SABD retained its own section 501(c)(3) tax status and is a separate nonprofit organization. SABD provides support for at-risk mothers, with continuous assistance and support during pregnancy, childbirth and postpartum.

Guadalupe Community Center (GCC) became an affiliate of CCAOSA in 2006. GCC also retained its own section 501(c)(3) tax status and is a separate nonprofit organization. GCC provides services for persons of all ages, including food and clothing assistance, afterschool and summer youth programs, youth leadership classes and organized/recreational sports activities.

The reporting entity includes the accounts of CCAOSA, SABD and GCC (hereinafter collectively referred to as the Agency) and, as a multiservice agency, supports the following major programs:

Adolescent Pregnancy and Parenting	Guardianship
Counseling Services	Immigration Services
Crisis Intervention	Retired and Senior Volunteer
Volunteer Income Tax Assistance	Money Management
Foster Grandparents	Refugee Resettlement
Guadalupe Community Center	Guadalupe Home
San Antonio Birth Doulas	

All significant intercompany transactions have been eliminated.

CATHOLIC CHARITIES, ARCHDIOCESE OF SAN ANTONIO, INC. AND AFFILIATES
Notes to Audited Consolidated Financial Statements
June 30, 2021 and 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U. S. generally accepted accounting principles. Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions: Net assets available for use in general operations and not subject to donor restrictions. Grants and contributions gifted for recurring programs are generally not considered “restricted” under GAAP, though for internal reporting the Agency tracks such grants and contributions to verify the disbursement matches the intent. Assets restricted solely through the actions of the Board are reported as net assets without donor restrictions, board-designated.

With Donor Restrictions: Net assets subject to donor-imposed stipulations that are more restrictive than the Agency’s mission and purpose. 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. Donor imposed restrictions are released when the 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. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue Recognition: Revenue from government contracts consist of cost reimbursable federal and state contracts and grants, which are generally conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenue is recognized when the Agency has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statement of financial position. Fees for program services are earned and recorded when the Agency’s performance obligation is satisfied as related services are provided.

The Agency recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Contributions: Contributions and grants are reported as without or with donor restrictions, depending on the existence and/or nature of any restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restriction depending on the nature of the restriction. When a restriction expires, the net assets are reclassified to net assets without donor restriction. Non-cash contributions are recorded at their fair market value at the date of contribution.

Gifts of land, building and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Contributed Materials and Services: Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills that are provided by individuals possessing those skills and that would typically need to be purchased if not provided by donation are recorded at the estimated fair market value in the period received. Donated materials are valued based on their estimated fair market value on the date of contribution. See Note I.

CATHOLIC CHARITIES, ARCHDIOCESE OF SAN ANTONIO, INC. AND AFFILIATES
Notes to Audited Consolidated Financial Statements
June 30, 2021 and 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

United Way: The Agency typically receives an allocated grant on an annual basis from the United Way, covering the Agency's fiscal year, July 1 to the following June 30. The grant confirmation is generally received from the United Way near the Agency's year end or shortly thereafter, and is recognized as revenue in the year to which the grant applies. The Agency has been advised that its grant for the year July 1, 2021 to June 30, 2022 is \$350,358; accordingly, this amount will be included in revenues in the Agency's fiscal year ended June 30, 2022.

Special Events: Costs associated with special events are netted against the related revenue. There are no joint costs associated with these special events.

Cash and Cash Equivalents: Cash consists of cash on hand and demand deposits held by financial institutions. For the purpose of the consolidated statements of cash flows, the Agency considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Restricted Client Trust Deposits: The Agency holds funds in a custodial capacity for its clients of their facility. Thus, the funds held in this account are not the property of the Agency and are offset by a liability, client trust funds payable, in the same amount.

Restricted Client IOLTA Deposits: The Agency is required to hold any unearned fee or advance payment of expenses in a separate account pursuant to Rule 1.14 of the Texas Disciplinary Rules of Professional Conduct until they are earned or expensed. Thus, the funds held in this account are not the property of the Agency and are offset by a deferred revenue liability in the same amount.

Accounts Receivable: Accounts receivable represent billings to grantors for program services provided in a prior period and not collected as of the date of the consolidated statements of financial position. Grantors are invoiced on a monthly basis and, typically, grant receivables include up to two months billing. An allowance for doubtful accounts, if deemed necessary, generally is determined based on an account-by-account review and historical trends for possible nonpayment of amounts due. Accounts are charged off when collection efforts have failed, and the account is deemed uncollectible. Receivables are reported net of an allowance of approximately \$120,000 at June 30, 2021 and \$100,000 at June 30, 2020.

Investments: Investments are stated at fair value based upon quoted market prices, when available, or estimates of fair value in the consolidated statements of financial position. Investment earnings are reported net of fees of approximately \$14,400 in 2021 and \$12,100 in 2020. Unrealized gains and losses are included in the consolidated statements of activities.

CATHOLIC CHARITIES, ARCHDIOCESE OF SAN ANTONIO, INC. AND AFFILIATES
Notes to Audited Consolidated Financial Statements
June 30, 2021 and 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Property and Equipment: Property and equipment are stated at cost for purchased assets, or at estimated fair value at the date contributed for contributed assets. Expenditures for assets costing more than \$1,000 are capitalized if their useful life is greater than one year. Expenditures for betterments that materially extend the useful life of the asset are capitalized. Repairs and maintenance that do not significantly increase the useful life of an asset are expensed as incurred. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets which range from 3 to 39 years. Depreciation is allocated between program, management and general and fundraising expenses.

Impairment of Long-Lived Assets: The Agency reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects and the effects of obsolescence, demand, competition and other economic factors. The Agency did not recognize an impairment loss during the years ended June 30, 2021 and 2020.

Compensated Absences: Employees of the Agency are entitled to paid time off, depending on job classification and length of service. The consolidated financial statements reflect a liability and expense for the paid time off of the employees for vested time at their current pay rate.

Advertising: Advertising costs are expensed as incurred.

Benefit Plan: The Agency participates in a defined contribution, non-contributory pension plan sponsored by the Archdiocese of San Antonio which is available to substantially all full-time lay employees of the Agency. The Plan provides for a graded vesting with 100% vesting after seven years of continuous service. After July 1, 2014, only full-time employees are eligible to participate in the Plan. Part-time employees, who previously met the old eligibility requirements of six months of service and earnings equivalent to 1,000 hours times the minimum wage at January 1 of the given year, were grandfathered into the amended Plan. Participation is mandatory and employees cannot contribute to the Plan. The total annual benefit expense is allocated based upon the salary levels of covered employees at the beginning of the plan year. The benefit plan assessment is 5% of the salaries of the eligible employees. The total contributions to the Plan by the Agency was \$269,706 for the year ended June 30, 2021 and \$261,099 for the year ended June 30, 2020.

Functional Allocation of Expenses: The costs of providing the services and other activities are summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a basis of time and effort (such as for salaries and benefits) as well as on a square footage or other reasonable basis (such as for depreciation, office and occupancy).

Concentrations of Credit Risk: Financial instruments that potentially subject the Agency to concentrations of credit risk consist principally of cash, investments, and accounts receivable. The Agency maintains cash deposits with major banks which, from time to time, may exceed federally insured limits. The Agency periodically assesses the financial condition of the institutions and believes the risk of any loss is minimal. Concentration of credit risk with respect to its investments is reduced as a result of the diversity of the underlying securities. The Agency also has concentrations of credit risk with respect to accounts receivable due primarily from governmental agencies.

CATHOLIC CHARITIES, ARCHDIOCESE OF SAN ANTONIO, INC. AND AFFILIATES
Notes to Audited Consolidated Financial Statements
June 30, 2021 and 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Income Taxes: CCAOSA, SABD and GCC are not-for-profit organizations exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code (the Code). In addition, the Organizations have been determined by the Internal Revenue Service not to be “private foundations” within the meaning of section 509(a) of the Code. Donors of money and/or property are entitled to the maximum charitable contribution deduction allowed by law. The Agency is not subject to Texas margin tax.

Management is not aware of any tax positions that would have a significant impact on its financial position. The tax return of these entities for the last four years are subject to examination.

Commitments and Contingencies: The Agency participates in several federal and state grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Agency has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. Management does not believe there are any significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.

Use of Estimates: 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 financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

Subsequent Events: Subsequent events have been evaluated by management through the date of the independent auditor’s report. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

New Accounting Pronouncements: In February 2016, the FASB issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2021. A lessee will be required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than 12 months. Management does not expect the new standard to have a significant impact to its financial position, results of operations and related disclosures.

In September 2020, the FASB issued ASU No. 2020-07 Not-for-Profit (Topic 958): *Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets* to increase the transparency of contributed non-financial assets by enhancing the presentation and disclosures. The update includes the presentation of contributed non-financial assets as a separate line item in the statement of activities while disclosing disaggregated information about the types of contributed non-financial assets, how the contribution was used and various other disclosures. The effective date is for periods beginning after June 15, 2021 with early adoption permitted. Other than enhanced disclosures, management does not expect the new standard to have a significant impact to its financial position and consolidated statement of activities.

Recently Adopted Accounting Pronouncement: The Organization has adopted Accounting Standards Update (ASU) 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* which clarified how the new revenue recognition standard applied to not-for profit organizations, and is effective for periods beginning after December 15, 2018. The Organization adopted this new pronouncement effective July 1, 2019 using the modified retrospective method. While adoption of this standard required additional disclosures, adoption did not have a significant impact on the financial statements and no adjustments were made to prior periods.

CATHOLIC CHARITIES, ARCHDIOCESE OF SAN ANTONIO, INC. AND AFFILIATES
Notes to Audited Consolidated Financial Statements
June 30, 2021 and 2020

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2021	2020
Land	\$ 547,749	\$ 496,149
Building and improvements	3,345,337	3,025,287
Furniture and office equipment	597,149	869,923
Transportation equipment	526,843	497,642
Computers and software	17,572	17,572
Total property and equipment	5,034,650	4,906,573
Less accumulated depreciation	(2,260,273)	(2,371,372)
Net property and equipment	\$ 2,774,377	\$ 2,535,201

NOTE D - FAIR VALUE MEASUREMENTS

In accordance with U. S. generally accepted accounting principles, the Agency utilizes a fair value hierarchy that prioritizes the inputs for the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.
- Level 2: Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets
 - quoted prices for identical or similar assets or liabilities in inactive markets
 - inputs other than quoted prices that are observable for the asset or liability
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

CATHOLIC CHARITIES, ARCHDIOCESE OF SAN ANTONIO, INC. AND AFFILIATES
Notes to Audited Consolidated Financial Statements
June 30, 2021 and 2020

NOTE D - FAIR VALUE MEASUREMENTS - continued

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following table sets forth, by level within the fair value hierarchy, the Agency's investments measured at fair value as follows:

	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
<i>June 30, 2021</i>				
Investments:				
Cash and cash equivalents	\$ 1,603	\$ -	\$ -	\$ 1,603
Total investments at fair value	<u>\$ 1,603</u>	<u>\$ -</u>	<u>\$ -</u>	1,603
Investments measured at NAV ^(a)				<u>208,113</u>
Total investments				<u>\$ 209,716</u>
<i>June 30, 2020</i>				
Investments:				
Cash and cash equivalents	\$ 1,524	\$ -	\$ -	\$ 1,524
Mutual funds	33,710	-	-	33,710
Exchange traded funds	<u>6,331</u>	<u>-</u>	<u>-</u>	<u>6,331</u>
Total investments at fair value	<u>\$ 41,565</u>	<u>\$ -</u>	<u>\$ -</u>	41,565
Investments measured at NAV ^(a)				<u>116,871</u>
Total investments				<u>\$ 158,436</u>

(a) Certain investments that were measured at net asset value (NAV) per share (or its equivalent) have not been classified in the fair value hierarchy as they are not publicly traded. Such investments are measured at the fair value of the underlying investments. The investments have no unfunded commitments, are eligible for redemption daily and there is not a redemption notice period.

CATHOLIC CHARITIES, ARCHDIOCESE OF SAN ANTONIO, INC. AND AFFILIATES
Notes to Audited Consolidated Financial Statements
June 30, 2021 and 2020

NOTE D - FAIR VALUE MEASUREMENTS – continued

There have been no changes in methodologies used to measure fair value, nor transfers between levels. Following is a description of the valuation methodologies used for various types of assets measure at fair value:

Cash and cash equivalents: Valued at its cost plus accrued interest.

Mutual funds / Exchange traded funds: Valued at the net asset value (NAV).

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Agency 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.

NOTE E – BENEFICIAL INTEREST IN ASSETS

In 2016, the National Catholic Charities established an endowment fund at the Catholic Community Foundation for the Roman Catholic Church of the Archdioceses of San Antonio (the Foundation). The endowment fund is considered the property of the Foundation and is not a donor advised fund. Annually, 5% of the net fair market value of the funds based on a rolling three-year average, is disbursed to the Agency. Transfers to the Foundation from the endowment fund totaled \$24,619 and \$31,490 in 2021 and 2020, respectively.

NOTE F – PAYMENT PROTECTION PROGRAM (PPP) LOAN GRANT

In 2020, the Organization received \$1,309,500 of funding under the Paycheck Protection Program (PPP) as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), administered by the U.S. Small Business Administration (SBA). All of the proceeds were used for qualifying expenses, which were forgiven by the SBA on July 26, 2021. Accordingly, the forgiveness amount of \$1,309,500 is included as PPP loan grant in the 2021 consolidated statement of activities and reported on the consolidated statement of cash flows as a non-cash adjustment to net cash provided by operating activities in 2021.

CATHOLIC CHARITIES, ARCHDIOCESE OF SAN ANTONIO, INC. AND AFFILIATES
Notes to Audited Consolidated Financial Statements
June 30, 2021 and 2020

NOTE G – NET ASSETS

Net assets designated for programs and net assets with donor restrictions include the following at June 30:

	<u>2021</u>	<u>2020</u>
Without Donor Restriction:		
Designated for Crisis Disaster Relief	\$ 430,562	\$ 313,680
Designated for Preserving Families	282,776	161,116
Designated for Food Pantry	<u>150,000</u>	<u>150,000</u>
Total net assets designated for programs	<u>\$ 863,338</u>	<u>\$ 624,796</u>
With Donor Restriction:		
Education (purpose restriction)	\$ 42,123	\$ 42,123
Capital Improvements (purpose restriction)	106,525	197,785
Program (time restriction)	<u>223,906</u>	<u>81,112</u>
Total net assets with donor restrictions	<u>\$ 372,554</u>	<u>\$ 321,020</u>

NOTE H – RELATED PARTY TRANSACTIONS

The Agency provides administrative support to St. Peter-St. Joseph Children’s Home (St. PJ’s) and Seton Home (Seton), independent not-for-profit organizations. The Agency is reimbursed for a portion of the shared payroll costs associated with this support and any shared general and administrative costs. Reimbursements to the Agency for these shared service costs were approximately \$1,534,000 in 2021 and \$1,602,000 in 2020. The balance receivable from St. PJ’s and Seton are included in due from related parties and totaled \$539,655 at June 30, 2021 and \$147,616 at June 30, 2020.

NOTE I – DONATED FACILITIES, GOODS AND SERVICES

Noncash contributions are recorded as both support and expense by the Agency. Noncash contributions in 2021 and 2020 consist of the fair value of donated goods. During the years ended June 30, 2021 and 2020, the Agency recorded donated goods valued at approximately \$3,700,000 and \$2,700,000, respectively. Donated goods are received for the Crisis Intervention, GCC, Guadalupe Home and Refugee Resettlement programs.

CATHOLIC CHARITIES, ARCHDIOCESE OF SAN ANTONIO, INC. AND AFFILIATES
Notes to Audited Consolidated Financial Statements
June 30, 2021 and 2020

NOTE J – CITY FUNDED PROGRAMS

The Agency follows operational guidelines for the City of San Antonio (City) projects. Overall, terms and conditions of the City contracts were met for the years ended June 30, 2021 and 2020. The following is a summary of revenue received for the City’s funding to the Agency programs for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Earned Income Tax Credit program	\$ 37,407	\$ 36,239
Guadalupe Community Center	39,944	31,909
Project Ayuda	40,971	43,626
Caritas	-	4,592
Preserving Families	-	35,890
	<u> </u>	<u> </u>
Total revenue received	<u>\$ 118,322</u>	<u>\$ 152,256</u>

The expenses related to these reimbursements are included in the consolidated statements of functional expenses. Expenses specifically covered under the City’s projects are as follows at June 30:

	<u>2021</u>	<u>2020</u>
Personal services	\$ 88,831	\$ 79,918
Contractual services	-	41,326
Commodities	24,375	29,600
Fixed charges	5,116	1,412
	<u> </u>	<u> </u>
Total expenses incurred	<u>\$ 118,322</u>	<u>\$ 152,256</u>

NOTE K – OPERATING LEASES

The Agency leases office space and vehicles for its programs and administrative services, and office equipment under noncancelable operating lease agreements expiring at various times through August 2024. Under certain agreements, the Agency is responsible for maintenance, insurance and taxes. Lease expense totaled approximately \$171,000 in 2021 and \$168,000 in 2020.

The following is a schedule of future minimum rental payments for its leases:

Year Ended June 30,	
2022	\$ 52,000
2023	39,000
2024	7,600

CATHOLIC CHARITIES, ARCHDIOCESE OF SAN ANTONIO, INC. AND AFFILIATES
Notes to Audited Consolidated Financial Statements
June 30, 2021 and 2020

NOTE L – ECONOMIC DEPENDENCY

A significant portion of the revenues earned by the Agency depends upon the availability of funds provided by federal, state and local governments for various programs. Contracts with these funding agencies are renegotiated on an annual basis. As of June 30, 2021, and 2020, the aforementioned revenues represented approximately 42% and 49%, respectively, of the total revenue and other support of the Agency.

NOTE M – LIQUIDITY AND AVAILABILITY

On June 30, 2021, the Agency has approximately \$6,668,000 of financial assets available to meet cash needs for general expenditure. This consists of cash of \$4,490,731, accounts receivable of \$1,428,196, due from related parties of \$539,655, and investments of \$209,716. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure. The Agency's primary source of cash flow during the year is through reimbursable grants to maintain the programs offered. The result of these reimbursable grants is a consistent inflow of cash each month based on the prior months' operations.

NOTE N – CURRENT ECONOMIC CONDITIONS

As a result of the COVID-19 outbreak in the United States, economic uncertainties have arisen which could impact the Agency's operations. Mandated and voluntary closings have caused various business disruptions and created volatility in the economy. While these disruptions are currently expected to be temporary, there is considerable uncertainty around the duration or the effect of the stock market. Any related financial impact and duration cannot be reasonably estimated at this time. The Agency is dependent on contributions and grants from individuals, corporations and foundations throughout the surrounding area. It is unknown if funding from these traditional sources will continue to be available in the same amounts or align with the focus of the Agency.

NOTE O – SUBSEQUENT EVENT

In November 2021, the Agency purchased, with cash, property in Del Rio, Texas with a sales price of \$480,000. The property is expected to be used for administering program services and serve the Del Rio community.

**CATHOLIC CHARITIES, ARCHDIOCESE OF
SAN ANTONIO, INC. AND AFFILIATES**

Supplementary Schedules

June 30, 2021

CATHOLIC CHARITIES, ARCHDIOCESE OF SAN ANTONIO, INC. AND AFFILIATES
Consolidating Statement of Financial Position
June 30, 2021

	<u>CCAOSA</u>	<u>SABD</u>	<u>GCC</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 2,921,085	\$ 872,471	\$ 697,175	\$ -	\$ 4,490,731
Cash and cash equivalents, restricted client trust deposits	106,598	-	-	-	106,598
Cash and cash equivalents, restricted client IOLTA deposits	61,455	-	-	-	61,455
Total cash, cash equivalents and restricted cash	<u>3,089,138</u>	<u>872,471</u>	<u>697,175</u>	<u>-</u>	<u>4,658,784</u>
Accounts receivable, net	1,424,375	-	15,639	-	1,440,014
Due from affiliates	1,414,378	103,999	(163,085)	(1,355,292)	-
Due from related parties	539,655	-	-	-	539,655
Investments, at fair value	209,716	-	-	-	209,716
Beneficial interest in assets held by Catholic Community Foundation	1,842,419	-	-	-	1,842,419
Prepaid expenses	50,322	-	-	-	50,322
Property and equipment, net	2,658,574	-	115,803	-	2,774,377
Total Assets	<u>\$ 11,228,577</u>	<u>\$ 976,470</u>	<u>\$ 665,532</u>	<u>\$ (1,355,292)</u>	<u>\$ 11,515,287</u>
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts payable, trade	\$ 209,874	\$ 23,364	\$ 42,929	\$ -	\$ 276,167
Accrued liabilities	1,094,779	10,422	6,882	-	1,112,083
Client trust funds payable	106,598	-	-	-	106,598
Deferred revenue	100,000	-	-	-	100,000
IOLTA deposits	61,455	-	-	-	61,455
Due to affiliate	288,646	308,486	758,160	(1,355,292)	-
Total current liabilities	<u>1,861,352</u>	<u>342,272</u>	<u>807,971</u>	<u>(1,355,292)</u>	<u>1,656,303</u>
Net assets:					
Without donor restrictions:					
Available for general operations	5,485,140	634,198	(270,623)	-	5,848,715
Invested in property and equipment	2,658,574	-	115,803	-	2,774,377
Designated for programs	863,338	-	-	-	863,338
Total without donor restrictions	<u>9,007,052</u>	<u>634,198</u>	<u>(154,820)</u>	<u>-</u>	<u>9,486,430</u>
With donor restrictions	360,173	-	12,381	-	372,554
Total net assets	<u>9,367,225</u>	<u>634,198</u>	<u>(142,439)</u>	<u>-</u>	<u>9,858,984</u>
Total Liabilities and Net Assets	<u>\$ 11,228,577</u>	<u>\$ 976,470</u>	<u>\$ 665,532</u>	<u>\$ (1,355,292)</u>	<u>\$ 11,515,287</u>

See notes to consolidated audited financial statements.

CATHOLIC CHARITIES, ARCHDIOCESE OF SAN ANTONIO, INC. AND AFFILIATES
Consolidating Statement of Activities
Year Ended June 30, 2021

	CCAOSA		SABD		GCC		Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions		
Revenue and other support								
Contracts and grants:								
Federal grants	\$ 7,658,272	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,658,272
State of Texas	275,452	-	-	-	-	-	-	275,452
City of San Antonio	40,971	-	-	-	77,351	-	-	118,322
County of Bexar	205,829	-	-	-	6,183	-	-	212,012
Foundations and other	565,389	90,800	40,000	-	223,000	-	-	919,189
PPP loan grant	1,309,500	-	-	-	-	-	-	1,309,500
United Way of San Antonio and Bexar County	429,559	-	-	-	34,724	-	-	464,283
Program services fees	615,802	-	8,168	-	85	-	-	624,055
Archdiocese of San Antonio	470,585	-	-	-	135,007	-	-	605,592
Religious organizations	182,153	35,000	-	-	-	-	-	217,153
Special events, net of expenses	1,162,098	-	-	-	(347)	-	-	1,161,751
Contributions	1,319,677	-	2,160	-	132,599	-	-	1,454,436
Donated facilities, goods and services	3,686,753	-	4,022	-	59,237	-	-	3,750,012
Investment earnings, net of expenses	410,163	-	-	-	591	-	-	410,754
Other	681,944	-	724,233	-	17,912	-	-	1,424,089
Total revenue and other support	19,014,147	125,800	778,583	-	686,342	-	-	20,604,872
Expenses								
Program services	14,690,506	-	582,498	-	514,936	-	-	15,787,940
Management and general	860,365	-	-	-	-	-	-	860,365
Fundraising expenses	384,089	-	-	-	-	-	-	384,089
Total expenses	15,934,960	-	582,498	-	514,936	-	-	17,032,394
Change in Net Assets	3,079,187	125,800	196,085	-	171,406	-	-	3,572,478
Net assets released from restrictions	74,266	(74,266)	-	-	-	-	-	-
Net assets at beginning of year	5,853,599	308,639	438,113	-	(326,226)	12,381	-	6,286,506
Net Assets at Year End	<u>\$ 9,007,052</u>	<u>\$ 360,173</u>	<u>\$ 634,198</u>	<u>\$ -</u>	<u>\$ (154,820)</u>	<u>\$ 12,381</u>	<u>\$ -</u>	<u>\$ 9,858,984</u>

See notes to consolidated audited financial statements.

**CATHOLIC CHARITIES, ARCHDIOCESE OF
SAN ANTONIO, INC. AND AFFILIATES**

**Single Audit Reports
Federal Awards**

June 30, 2021



ADKF

with you
all the way

Member of the AICPA & TXCPA.

Registered with Public Company
Accounting Oversight Board.

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

To the Board of Directors
Catholic Charities, Archdiocese of San Antonio, Inc. and Affiliates
San Antonio, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Catholic Charities, Archdiocese of San Antonio, Inc. and Affiliates (Agency), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our separate report thereon dated December 15, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Agency’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency’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 Agency’s consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

MAIN OFFICE:

8610 N. New Braunfels, STE 101
San Antonio, TX 78217

Phone: 210.829.1300
Fax: 210.829.4080

672 Ridge Hill Dr., STE B
New Braunfels, TX 78130

Phone: 830.387.4441

616 E. Blanco, STE 300e
Boerne, TX 78006

Phone: 830.815.1100



WWW.ADKF.CPA

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Agency's consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the Agency in a separate letter dated December 15, 2021.

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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ADKF, PC

ADKF, P.C.
San Antonio, Texas
December 15, 2021



ADKF

with you
all the way

Member of the AICPA & TXCPA.

Registered with Public Company
Accounting Oversight Board.

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

Independent Auditor’s Report

To the Board of Directors
Catholic Charities, Archdiocese of San Antonio, Inc. and Affiliates
San Antonio, Texas

Report on Compliance for Each Major Federal Program

We have audited Catholic Charities, Archdiocese of San Antonio, Inc. and Affiliates (Agency) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency’s major federal programs for the year ended June 30, 2021. The Agency’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 the Agency’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

MAIN OFFICE:

8610 N. New Braunfels, STE 101
San Antonio, TX 78217

Phone: 210.829.1300
Fax: 210.829.4080

672 Ridge Hill Dr., STE B
New Braunfels, TX 78130

Phone: 830.387.4441

616 E. Blanco, STE 300e
Boerne, TX 78006

Phone: 830.815.1100



Opinion on Each Major Federal Program

In our opinion, the Agency 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, 2021.

Report on Internal Control over Compliance

Management of the Agency 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 the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency'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.

ADKF, PC

ADKF, P.C.
San Antonio, Texas
December 15, 2021

CATHOLIC CHARITIES, ARCHDIOCESE OF SAN ANTONIO, INC. AND AFFILIATES
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing (CFDA) Number	Pass-Through Entity Identifying Number	Expenditures
United States Department of Health and Human Services			
Refugee and Entrant Assistance—State Administered Programs			
Pass-Through Programs:			
University Health System			
Refugee Medical Grant			
October 1, 2019–September 30, 2020	93.566	180455-LS	\$ 23,052
October 1, 2020–September 30, 2021	93.566	200412-LS	62,662
			<u>85,714</u>
Pass-Through Programs:			
Central Texas Office for Refugees - Refugee Services of Texas, Inc.			
Refugee Support Services—Social Adjustment			
October 1, 2019–September 30, 2020	93.566	CTOR2020CCSARSS	146,772
Refugee Support Services—Education			
October 1, 2019–September 30, 2020	93.566	CTOR2020CCSARSS	148,889
Refugee Support Services—Employment			
October 1, 2019–September 30, 2020	93.566	CTOR2020CCSARSS	210,657
Refugee Support Services—Integration Services			
October 1, 2019–September 30, 2020	93.566	CTOR2020CCSARSS	56,223
Cash and Medical Assistance - Refugee Cash Assistance			
October 1, 2019–September 30, 2020	93.566	CTOR2020CCSACMA	377,890
Cash and Medical Assistance - Refugee Medical Assistance			
October 1, 2019–September 30, 2020	93.566	CTOR2020CCSACMA	21,411
Refugee Support Services - Youth Mentoring Program			
October 1, 2019–September 30, 2020	93.566	CTOR2020CCSARSS	20,871
Refugee Support Services - Temporary Emergency Housing			
May 1, 2020–September 30, 2020	93.566	CTOR2020CCSARSS	66,062
Refugee Support Services - Older Refugee Services			
October 1, 2019–September 30, 2020	93.566	CTOR2020CCSARSS	11,103
			<u>1,059,878</u>
Refugee Support Services—Social Adjustment			
October 1, 2020–September 30, 2021	93.566	CTOR2021CCSARSS	287,706
Refugee Support Services—Education			
October 1, 2020–September 30, 2021	93.566	CTOR2021CCSARSS	310,490
Refugee Support Services—Employment			
October 1, 2020–September 30, 2021	93.566	CTOR2021CCSARSS	443,562
Refugee Support Services—Integration Services			
October 1, 2020–September 30, 2021	93.566	CTOR2021CCSARSS	131,365
Cash and Medical Assistance - Refugee Cash Assistance			
October 1, 2020–September 30, 2021	93.566	CTOR2021CCSACMA	1,244,894
Cash and Medical Assistance - Refugee Medical Assistance			
October 1, 2020–September 30, 2021	93.566	CTOR2021CCSACMA	61,445
Refugee Support Services - Youth Mentoring Program			
October 1, 2020–September 30, 2021	93.566	CTOR2021CCSARSS	53,770
Refugee Support Services - Supplement			
October 1, 2020–September 30, 2021	93.566	CTOR2021CCSARSS	195,764
Refugee Support Services - Temporary Emergency Housing			
October 1, 2020–September 30, 2021	93.566	CTOR2021CCSARSS	44,871
Refugee Support Services - Older Refugee Services			
October 1, 2020–September 30, 2021	93.566	CTOR2021CCSARSS	29,205
			<u>2,803,072</u>
Pass-Through Programs:			
United States Conference of Catholic Bishops			
Refugee School Impact Grant			
October 1, 2020–September 30, 2021	93.566	1702TXRSOC	88,111
October 1, 2019–September 30, 2020	93.566	1702TXRSOC	48,367
			<u>136,478</u>
Total Refugee and Entrant Assistance—State Administered Programs			<u>4,085,142</u>
Refugee and Entrant Assistance—Discretionary Grants			
Pass-Through Programs:			
United States Conference of Catholic Bishops			
Refugee Preferred Communities Program			
September 30, 2020–September 29, 2021	93.576	90RP 0111-05-00	146,016
September 30, 2019–September 29, 2020	93.576	90RP 0111-04-00	94,305
Total Refugee and Entrant Assistance—Discretionary Grants			<u>240,321</u>

See Notes to Schedule of Expenditures of Federal Awards

CATHOLIC CHARITIES, ARCHDIOCESE OF SAN ANTONIO, INC. AND AFFILIATES
Schedule of Expenditures of Federal Awards - Continued
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing (CFDA) Number	Pass-Through Entity Identifying Number	Expenditures
United States Department of Health and Human Services - Continued			
Refugee Trafficking Victims Assistance Program			
Pass-Through Programs:			
United States Conference of Catholic Bishops			
September 30, 2020–September 29, 2021	93.598	90ZV0137-01-00	46,294
September 30, 2019–September 29, 2020	93.598	90ZV0136-01-00	9,382
Total Refugee Trafficking Victims Assistance Program			<u>55,676</u>
Refugee and Entrant Assistance—Voluntary Agency Programs			
Pass-Through Programs			
United States Conference of Catholic Bishops			
Refugee Match Grant Program:			
October 1, 2020–September 30, 2021	93.567	2101DCRVMG	234,652
January 1, 2020–September 30, 2020	93.567	2001DCRVMG	257,805
Total Refugee and Entrant Assistance—Voluntary Agency Programs			<u>492,457</u>
Unaccompanied Alien Children Program			
Pass-Through Programs:			
United States Conference of Catholic Bishops			
Safe Passages Program			
January 1, 2021–December 31, 2021	93.676	SP11-21-11	5,800
Affordable Care Act (ACA) Maternal, Infant and Early Childhood Home Visiting Program			
Pass-Through Programs:			
United Way of San Antonio and Bexar County			
Maternal, Infant and Early Childhood Home Visiting Program			
September 1, 2020–August 31, 2021	93.505 & 93.870	S-5931041-B	207,795
September 1, 2019–August 31, 2020	93.505 & 93.870	S-5921041-B	76,648
September 1, 2019–August 31, 2020	93.505 & 93.870	S-5921041-A	125,865
September 1, 2020–August 31, 2021	93.505 & 93.870	S-5931041-A	456,739
Total ACA Maternal, Infant and Early Childhood Home Visiting Program			<u>867,047</u>
Total United States Department of Health and Human Services			<u>5,746,443</u>
United States Department of State—Bureau of Population, Refugees and Migration			
United States Refugee Admissions Program			
Pass-Through Programs:			
United States Conference of Catholic Bishops			
Reception and Placement—Direct Assistance			
October 1, 2020–September 30, 2021	19.510	SPRMCO21CA3001	274,800
October 1, 2018–September 30, 2020	19.510	SPRMCO19CA0024	173,645
Total for Reception and Placement—Direct Assistance			<u>448,445</u>
Reception and Placement—Administrative			
October 1, 2020–September 30, 2021	19.510	SPRMCO21CA3001	200,957
October 1, 2018–September 30, 2020	19.510	SPRMCO19CA0024	187,861
Total for Reception and Placement—Administrative			<u>388,818</u>
Total United States Department of State—Bureau of Population, Refugees and Migration			<u>837,263</u>

See Notes to Schedule of Expenditures of Federal Awards

CATHOLIC CHARITIES, ARCHDIOCESE OF SAN ANTONIO, INC. AND AFFILIATES
Schedule of Expenditures of Federal Awards - Continued
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing (CFDA) Number	Pass-Through Entity Identifying Number	Expenditures
United States Department of Homeland Security			
Emergency Food and Shelter National Board Program			
Pass-Through Programs:			
Federal Emergency Management Agency			
COVID-19 - CARES Emergency Food and Shelter Program			
January 27, 2020-October 31, 2021	97.024	CARES-788600-018	170,515
Emergency Food and Shelter Program			
April 1, 2020-June 30, 2021	97.024	788600-018	111,160
January 1, 2020-October 31, 2021	97.024	38-788600-018	57,101
January 1, 2020-October 31, 2021	97.024	37-788600-018	72,557
Total for Emergency Food and Shelter National Board Program			<u>411,333</u>
Total United States Department of Homeland Security			<u>411,333</u>
Corporation for National and Community Service:			
Foster Grandparents Program:			
April 1, 2021-March 31, 2022	94.011	20SFWTX010	89,660
April 1, 2020-March 31, 2021	94.011	20SFWTX010	330,320
Pass-Through Programs:			
Texas Health and Human Services			
Foster Grandparents Program:			
September 1, 2020-August 31, 2021	94.011	HHS00087110002	4,613
December 1, 2019-August 31, 2020	94.011	20SFWTX002	1,622
Total for Foster Grandparents Program			<u>426,215</u>
Retired and Senior Volunteer Program:			
April 1, 2020-March 31, 2022	94.002	20SRWTX020	70,737
Pass-Through Programs:			
Texas Health and Human Services			
Retired and Senior Volunteer Program:			
September 1, 2020-August 31, 2021	94.002	20SRWTX006	16,486
December 1, 2019-August 31, 2020	94.002	20SRWTX006	14,988
Total for Retired and Senior Volunteer Program			<u>102,211</u>
Total Corporation for National and Community Service			<u>528,426</u>
United States Department of Housing and Urban Development			
Pass-Through Programs:			
City of San Antonio			
Community Development Block Grant			
COVID-19 Emergency Housing Assistance Program Delivery			
June 4, 2020-July 31, 2020	14.218	28-R2004230227	2,584
HEARTH Emergency Solutions Grant			
January 1, 2021-August 31, 2022	14.231	4600020120	32,223
Total United States Department of Housing and Urban Development			<u>34,807</u>
United States Department of the Treasury			
Pass-Through Programs			
Bexar County Social Service Agency Resiliency Program			
COVID-19 - Coronavirus Relief Fund - CARES Act			
March 1, 2020-November 30, 2020	21.019	231235	100,000
Total United States Department of Treasury			<u>100,000</u>
Total Expenditures of Federal Awards			<u>\$ 7,658,272</u>

See Notes to Schedule of Expenditures of Federal Awards

CATHOLIC CHARITIES, ARCHDIOCESE OF SAN ANTONIO, INC. AND AFFILIATES
Notes to 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 grant activity of Catholic Charities, Archdiocese of San Antonio, Inc. and Affiliates (the Agency) under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of the *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Agency. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

All of the Agency's federal awards were in the form of cash assistance. The Agency had no federally funded insurance programs or loan guarantees during the year ended June 30, 2021.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Such expenditures are recognized following the cost principles contained in 2CFR Section 200.502 wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Agency has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

CATHOLIC CHARITIES, ARCHDIOCESE OF SAN ANTONIO, INC. AND AFFILIATES
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

<u>Section I – Summary of Auditor’s Results</u>	<u>Description</u>
<i>Financial Statements</i>	
Type of independent auditor’s report	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified	No
Noncompliance material to financial statements noted?	No
<i>Federal Awards</i>	
Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified	No
Type of independent 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) of Uniform Guidance?	No
Major Federal Programs:	
<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Refugee and Entrant Assistance - State Administered Programs	93.566
Refugee and Entrant Assistance - Voluntary Agency Program	93.567
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

CATHOLIC CHARITIES, ARCHDIOCESE OF SAN ANTONIO, INC. AND AFFILIATES
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section II - Financial Statement Findings

None

Section III – Federal Awards Findings

None

Section IV - Summary of Prior Audit Findings

Finding 2020-001: Accounting / Annual Closing Procedures

Current Status: The recommended corrective action has been implemented.

Finding 2020-002: Deferred Revenue

Current Status: The recommended corrective action has been implemented.

2020-003: Manual Journal Entry Review

Current Status: The recommended corrective action has been implemented.