

Catholic Charities of the Diocese of Fall River, Massachusetts, Inc.

Financial Statements
and
Independent Auditors' Report

June 30, 2024 and 2023

Catholic Charities of the Diocese of Fall River, Massachusetts, Inc.

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 21



DANIEL DENNIS & Co
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors of
Catholic Charities of the Diocese of Fall River, Massachusetts, Inc.

Opinion

We have audited the accompanying financial statements of Catholic Charities of the Diocese of Fall River, Massachusetts, Inc. (the Organization) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' 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 opinion.

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.

Auditors' 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 auditors' 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 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, 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 audits.

Report on Summarized Comparative Information

We have previously audited the Organization's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 9, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Daniel Dennis & Company LLP

December 12, 2024

Catholic Charities of the Diocese of Fall River, Massachusetts, Inc.

Statements of Financial Position
June 30, 2024 with Comparative Totals for 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 3,339,829	\$ 4,079,634
Grants and contracts receivable	1,889,419	1,863,260
Accounts receivable, net	8,022	1,602
Prepaid expenses	47,498	82,588
Pledge receivable, net	95,729	-
Other current assets	4,251	4,176
Investments	961,447	843,253
Right of use asset - operating lease	336,090	247,597
Right of use asset - financing lease	37,293	46,105
Property and equipment, net	1,148,692	1,116,672
TOTAL ASSETS	\$ 7,868,270	\$ 8,284,887
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 309,470	\$ 383,553
Accrued expenses	477,578	389,689
Contract advances	76,498	194,991
Other liabilities	25,460	11,890
Right of use liability - operating lease	342,183	251,050
Right of use liability - financing lease	37,293	46,105
Note payable	155,650	155,650
Total Liabilities	1,424,132	1,432,928
Net Assets		
Without donor restrictions	5,836,526	6,168,579
With donor restrictions	607,612	683,380
Total net assets	6,444,138	6,851,959
TOTAL LIABILITIES AND NET ASSETS	\$ 7,868,270	\$ 8,284,887

See accompanying notes to the financial statements.

Catholic Charities of the Diocese of Fall River, Massachusetts, Inc.

Statements of Activities

For the Year Ended June 30, 2024

With Summarized Comparative Totals for 2023

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Summarized Comparative Totals
REVENUES AND SUPPORT				
Contributions of cash and other financial assets	\$ 1,651,708	\$ 247,368	\$ 1,899,076	\$ 2,097,682
Contributions of nonfinancial assets	1,248,908	-	1,248,908	1,354,494
Revenue from governmental contracts	11,303,420	-	11,303,420	10,738,939
Fees charged to clients	252,369	-	252,369	179,177
Other revenue	53,959	-	53,959	1,704,355
Interest revenue from operating cash	111,003	-	111,003	80,831
Investment revenue, net	118,194	-	118,194	97,528
Loss on disposal of assets	(4,327)	-	(4,327)	(15,309)
Net assets released from restrictions	323,136	(323,136)	-	-
Total revenues and support	<u>15,058,370</u>	<u>(75,768)</u>	<u>14,982,602</u>	<u>16,237,697</u>
EXPENSES				
Program	11,903,220	-	11,903,220	12,856,326
General and administrative	3,452,203	-	3,452,203	3,057,813
Fundraising	35,000	-	35,000	30,000
Total expenses	<u>15,390,423</u>	<u>-</u>	<u>15,390,423</u>	<u>15,944,139</u>
Change in net assets	(332,053)	(75,768)	(407,821)	293,558
Net assets, beginning	<u>6,168,579</u>	<u>683,380</u>	<u>6,851,959</u>	<u>6,558,401</u>
Net assets, ending	<u>\$ 5,836,526</u>	<u>\$ 607,612</u>	<u>\$ 6,444,138</u>	<u>\$ 6,851,959</u>

See accompanying notes to the financial statements.

Catholic Charities of the Diocese of Fall River, Massachusetts, Inc.

Statements of Functional Expenses

For the Year Ended June 30, 2024

With Summarized Comparative Totals for 2023

Description	Homeless Shelters	Emergency Assistance	Permanent Supportive Housing		All Other Programs	Total Programs	General and Administrative	Fundraising	2023	2024
			Supportive Housing	Assistance					2023 Summarized Comparative Totals	2024 Total
Salaries and related expenses	\$ 2,487,364	\$ 312,888	\$ 252,910	\$ 1,258,663	\$ 4,311,825	\$ 1,582,657	\$ -	\$ 5,894,482	\$ 5,798,963	
Occupancy	2,757,598	-	1,457,072	202,710	4,417,380	1,262,606	-	5,679,986	6,329,318	
Depreciation	67,006	-	-	44,121	111,127	20,276	-	131,403	131,019	
Casual labor	-	-	-	4,649	4,649	59,435	-	64,084	75,656	
Contracted services	13,865	-	-	-	13,865	-	-	13,865	98,231	
Communication and technology	58,575	5,575	3,440	24,559	92,149	174,130	-	266,279	331,860	
Office expense and equipment	12,149	563	103	3,071	15,886	37,638	-	53,524	50,394	
Consultants	-	-	-	-	-	14,763	-	14,763	128,786	
Program supplies	117,753	-	81	6,690	124,524	3,511	-	128,035	142,696	
Advertising	-	11,381	-	-	11,381	70,759	-	82,140	5,770	
Food	297,937	-	-	500,567	798,504	-	-	798,504	894,847	
Meals and entertainment	3,666	71	121	2,662	6,520	10,921	-	17,441	12,985	
Travel	36,722	5,568	4,479	14,336	61,105	13,666	-	74,771	45,132	
Training	6,240	790	560	4,449	12,039	7,958	-	19,997	27,573	
Vehicle	10,792	-	-	25,849	36,641	50,238	-	86,879	90,872	
Program administrative fees	-	-	-	-	-	-	-	-	28,500	
Direct client assistance	145,355	1,524,521	10,443	64,972	1,745,291	-	-	1,745,291	1,407,431	
Client transportation	1,164	-	-	763	1,927	-	-	1,927	6,517	
Dues, subscriptions and other fees	1,216	-	560	13,195	14,971	55,478	-	70,449	46,850	
Financing charges and bank fees	-	-	-	-	-	926	-	926	458	
Gift cards and other client gifts	4,460	-	-	12,442	16,902	-	-	16,902	40,990	
Other direct program expense	-	-	-	1,807	1,807	-	-	1,807	4,950	
Miscellaneous	2,720	-	-	1,751	4,471	21,006	-	25,477	43,961	
Accounting and auditing	-	-	-	-	-	57,975	-	57,975	53,881	
Legal	-	-	-	-	-	6,524	-	6,524	13,913	
Fundraising fees	-	-	-	-	-	-	35,000	35,000	30,000	
Provision for credit losses	-	-	100,256	-	100,256	-	-	100,256	78,235	
Contributions	-	-	-	-	-	1,736	-	1,736	24,351	
Total	\$ 6,024,582	\$ 1,861,357	\$ 1,830,025	\$ 2,187,256	\$ 11,903,220	\$ 3,452,203	\$ 35,000	\$ 15,390,423	\$ 15,944,139	

See accompanying notes to the financial statements.

Catholic Charities of the Diocese of Fall River, Massachusetts, Inc.

Statements of Cash Flows
For the Year Ended June 30, 2024
With Comparative Totals for 2023

	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (407,821)	\$ 293,558
Adjustments to reconcile change in net assets to net cash (used in)/provided by operating activities		
Realized and unrealized gains on investments	(105,166)	(83,123)
Realized loss on disposal of assets	4,327	15,309
Depreciation	131,403	131,019
Provision for credit losses	100,256	78,235
Increase in accounts receivable	(132,835)	(77,174)
Decrease/(increase) in prepaid expenses	35,090	(16,596)
Increase in pledges receivable	(95,729)	-
(Increase)/decrease in other assets	(75)	27,587
(Decrease)/increase in accounts payable	(74,083)	121,158
Increase/(decrease) in accrued expenses	87,889	(1,939)
(Decrease)/increase in deferred revenue	(118,493)	69,176
Increase in other liabilities	13,570	9,534
Operating lease assets and liabilities	2,640	3,453
Net cash (used in)/provided by operating activities	<u>(559,027)</u>	<u>570,197</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of equipment	(167,750)	(147,063)
Sales and purchases of investments, net	(13,028)	(14,405)
Net cash used in investing activities	<u>(180,778)</u>	<u>(161,468)</u>
Net (decrease)/increase in cash	(739,805)	408,729
Cash at beginning of year	4,079,634	3,670,905
Cash at end of year	<u>\$ 3,339,829</u>	<u>\$ 4,079,634</u>

See accompanying notes to the financial statements.

Catholic Charities of the Diocese of Fall River, Massachusetts, Inc.

Notes to Financial Statements

June 30, 2024 with Comparative Totals for 2023

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Nature of Organization

Catholic Charities of the Diocese of Fall River, Massachusetts, Inc. (CCFR), is a not-for-profit corporation whose purpose is to develop, provide, and promote programs that strengthen families and individuals and ensure services to those who are marginalized and who may be victims of injustice. Its diverse program base was created to respond to the specialized needs of communities within the Roman Catholic Diocese of Fall River including New Bedford, Fall River, Taunton, Attleboro and the Cape and Islands communities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Basis of Accounting

The financial statements of CCFR have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to not-for-profit organizations.

Basis of Presentation

CCFR reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A description of the two net asset categories follows:

Without donor restrictions – Net assets that are not subject to donor-imposed restrictions or contributions with donor-imposed restrictions that are met during the same fiscal year as the contribution is made and may be expended for any purpose in performing the primary objectives of CCFR. The Board of Directors may designate net assets without restrictions for specific purposes.

With donor restrictions – Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature and those restrictions will be met by actions of CCFR or by the passage of time. Other donor restrictions are perpetual in nature where by the donor has stipulated the funds be maintained in perpetuity. For the years ended June 30, 2024 and 2023, there were no net assets with donor restrictions required to be held in perpetuity.

Use of Estimates

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

Catholic Charities of the Diocese of Fall River, Massachusetts, Inc.

Notes to Financial Statements – *continued*
June 30, 2024 with Comparative Totals for 2023

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, CCFR considers all highly liquid investments, with an original maturity of three months or less to be cash equivalents. Money market funds included in the investment portfolio are reported as investments in the accompanying statement of financial position and are not considered cash equivalents.

Grants and Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. If unconditional promises to give are material and expected to be collected in future years, the pledges receivable will be recorded at the present value for estimated future cash flows. Conditional pledges are recorded as revenue once the condition has been met. Allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions and a review of subsequent collections. Pledges are written off when deemed uncollectable. At June 30, 2024 and 2023, management determined that no allowance was necessary. See Note 6 and Note 7.

A pledge receivable is considered past due if payment has not been received within the pledge terms.

Accounts Receivable and Allowance for Credit Losses

CCFR provides housing and shelter services for residents of southern Massachusetts and collects fees for such services which are included in accounts receivable at June 30, 2024. Accounts receivables are presented net of allowance for credit losses. CCFR has tracked historical loss information for its accounts receivable and compiled historical credit loss percentages for different aging categories (current, 1-30 days past due, 31-60 days past due, 61-90 days past due, and more than 90 days past due). Management believes that the historical loss information it has compiled is a reasonable basis on which to determine expected credit losses for accounts receivable at year end, as the composition of the accounts receivable at year end are consistent with that used in developing the historical credit-loss percentages. Additionally, management has determined that the current forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. See Note 8.

Investments

CCFR reports investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the accompanying statement of activities. Investment return is presented net of investment fees.

CCFR accounts for its investments using accounting standards set by the Financial Accounting Standards Board (FASB) which establish a consistent framework for measuring fair value and expands the related disclosure requirements. The standards establish a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority (“Level 1”) to unadjusted quoted prices in active markets to identical assets and liabilities, and gives the lowest priority (“Level 3”) to unobservable inputs.

Catholic Charities of the Diocese of Fall River, Massachusetts, Inc.

Notes to Financial Statements – *continued*
June 30, 2024 with Comparative Totals for 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the fair market value at the date of the gift. Leasehold improvements, vehicles, furniture and equipment are being depreciated using the straight-line method over the estimated useful lives of the assets or lease term in the event of leasehold improvements. CCFR capitalizes fixed asset purchases or donations equal to or greater than \$5,000 per unit that has a useful life of more than one year.

Depreciation is computed using the straight-line method over the estimated useful lives as follows:

	<u>Years</u>
Building and improvements	20 - 39
Equipment	3 - 10
Vehicles	5
Leasehold improvements	10 – 20

Management evaluates the recoverability of the investment in long-lived assets on an on-going basis and recognizes any impairment in the year of determination. Long-lived assets were reviewed for impairment as of June 30, 2024 and 2023 and in the opinion of management, there were no impairments.

Donated Goods, Services and Facilities

CCFR records the value of donated goods, services and facilities received at fair market value at the date of donation in accordance with GAAP.

Donated services are recognized as contributions in accordance with GAAP if the services (a) create or enhance nonfinancial assets or (b) require specialized skill, are performed by people with those skills, and would otherwise be purchased by CCFR. Volunteers provided assistance throughout the year that is not recognized as contributions in the financial statements since the recognition criterion under accounting standards were not met.

Income Taxes

CCFR is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service and Chapter 180 of the Commonwealth of Massachusetts as other than a private foundation. Unrelated business income, of which there was none for the fiscal years ended June 30, 2024, would be subject to Federal and state income taxes. Accordingly, no provisions for federal and state income taxes have been made in the accompanying financial statements.

CCFR is subject to the provisions of FASB's Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. Because of CCFR's general tax-exempt status, management believes ASC Topic 740 has not had, and is not anticipated to have, a material impact on CCFR's financial statements. CCFR believes that it has no uncertain tax positions within any of its open tax returns (fiscal years 2021-2023).

Catholic Charities of the Diocese of Fall River, Massachusetts, Inc.

Notes to Financial Statements – *continued*
June 30, 2024 with Comparative Totals for 2023

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising Costs

CCFR expenses advertising as incurred. The advertising expense for 2024 and 2023 was \$82,140 and \$5,770, respectively.

Expense Allocation

Direct identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of CCFR.

Employee compensation and related expenses are 1) charged to each employee's assigned program or allocated to multiple programs based on time and effort and 2) compensation for employees not assigned to a program are charged to general and administration.

Occupancy expenses are charged to the identifiable program or to general and administration for the 3 administrative locations.

Depreciation - based on specific identification of an asset to a specific program or to general and administration.

Expenses are charged a specific program when known. Expenses that cannot be directly identified with a program are charged to general and administration.

Revenue Recognition

Contributions and private foundation grant income are recognized when cash, securities, other assets, unconditional promise to give or other notification of a beneficial interest has been received. Conditional promises to give, 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.

A significant portion of CCFR's revenue is derived from cost reimbursable and unit rate governmental contracts which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenue is recognized when CCFR has incurred qualifying expenses in compliance with specific contract provisions. Funds received prior to incurring qualifying expenses are reported as contract advances in the statement of financial position. CCFR recognized \$11,303,420 and \$10,738,939 of revenue from governmental contracts for the years ended June 30, 2024 and 2023, respectively.

As of June 30, 2024 and 2023, \$76,498 and \$194,991, respectively, from all advanced payments has not been recognized as revenue because qualifying expenses had not been incurred and is reported as deferred revenue on the statements of financial position.

Catholic Charities of the Diocese of Fall River, Massachusetts, Inc.

Notes to Financial Statements – *continued*
June 30, 2024 with Comparative Totals for 2023

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

To determine revenue recognition for arrangements are within the scope of ASU No. 2014-09, Revenues from Contracts with Customers (Topic 606), CCFR performs the following 5 steps: 1) identify the contract with a customer; 2) identify the performance obligation in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligation in the contract; and 5) recognize revenue when CCFR satisfies the performance obligation. Performance obligations are determined based on the nature of the services provided by CCFR. Revenue that consists of performance obligations satisfied at a point in time is generally recognized when criteria for the contract have been achieved or when specific events have occurred and when there are no additional services related to that obligation.

Client fees for legal services and first time homebuyer classes are recognized as revenue at the time services or classes have been provided or taken place. CCFR charged \$8,619 and \$10,785 to immigration and first time homebuyer clients in fiscal years ending June 30, 2024 and 2023, respectively.

Program client fees charged to housing clients are recognized as revenue on the day the fee is due. CCFR charged \$243,750 and \$168,392 to housing clients in fiscal years ending June 30, 2024 and 2023, respectively.

Leases

CCFR determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position except for leases with an initial term of less than 12 months for which CCFR made the short-term lease election. The ROU assets resulting from operating and financing leases are included in the statement of financial position. At lease commencement, ROU assets and lease liabilities reflect the present value of the future minimum payments over the lease term and discounted using the risk-free rate. Lease expense is recognized on a straight-line basis over the lease term. CCFR does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Summarized Comparative Information and Reclassifications

The financial statements contain prior year comparative information in total but not by net asset class and with no accompanying financial statement notes. Consequently, such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CCFR's financial statements for the year ended June 30, 2023 from which the summarized information was derived. In addition, certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Catholic Charities of the Diocese of Fall River, Massachusetts, Inc.

Notes to Financial Statements – *continued*
June 30, 2024 with Comparative Totals for 2023

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of Accounting Standard

Effective July 1, 2023, CCFR adopted ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. CCFR adopted this new guidance utilizing the modified retrospective transition method. Topic 326 requires measurement and recognition of expected versus incurred losses for financial assets held. The adoption of this ASU did not have a material impact on CCFR's financial statements but did not change how the allowance for credit losses is determined.

NOTE 3 - FAIR VALUE OF ASSETS

CCFR uses the framework outlined in the FASB's Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures* for measuring fair value that includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that CCFR has the ability to access at the measurement date. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 - Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 - Unobservable inputs that reflect CCFR's assumptions about the assumptions that market participants would use in pricing the asset or liability. CCFR develops these inputs based on the best information available, including CCFR's data.

CCFR's investments in stocks, money market and mutual funds are valued based on daily redemption values and are classified with Level 1. Investments in certificates of deposit are valued by the custodian based on pricing models, time to maturity and stated interest rates and are classified within Level 2.

Catholic Charities of the Diocese of Fall River, Massachusetts, Inc.

Notes to Financial Statements – *continued*
June 30, 2024 with Comparative Totals for 2023

NOTE 3 - FAIR VALUE OF ASSETS (continued)

The table below presents the balances of assets measured at fair value on a recurring basis, as of June 30, 2024 and 2023 for CCFR:

June 30, 2024				
<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Stocks	\$ 694,729	\$ -	\$ -	\$ 694,729
Certificates of deposit	-	176,538	-	176,538
Money market	1,598	-	-	1,598
Mutual funds	88,582	-	-	88,582
Total	<u>\$ 784,909</u>	<u>\$ 176,538</u>	<u>\$ -</u>	<u>\$ 961,447</u>

June 30, 2023				
<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Stocks	\$ 596,005	\$ -	\$ -	\$ 596,005
Money market	167,406	-	-	167,406
Mutual funds	79,842	-	-	79,842
Total	<u>\$ 843,253</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 843,253</u>

NOTE 4 - INVESTMENTS

Investments accounted for as available for sale at June 30, 2024 and 2023 are composed of the following:

June 30, 2024			
<u>Description</u>	<u>Cost</u>	<u>Market</u>	<u>Cumulative Unrealized Gains</u>
Stocks	\$ 207,703	\$ 694,729	\$ 487,026
Certificates of deposit	176,000	176,538	538
Money market	1,598	1,598	-
Mutual funds	80,234	88,582	8,348
Total	<u>\$ 465,535</u>	<u>\$ 961,447</u>	<u>\$ 495,912</u>

June 30, 2023			
<u>Description</u>	<u>Cost</u>	<u>Market</u>	<u>Cumulative Unrealized Gains</u>
Stocks	\$ 207,725	\$ 596,005	\$ 388,280
Money market	167,406	167,406	-
Mutual funds	77,453	79,842	2,389
Total	<u>\$ 452,584</u>	<u>\$ 843,253</u>	<u>\$ 390,669</u>

Catholic Charities of the Diocese of Fall River, Massachusetts, Inc.

Notes to Financial Statements – *continued*
June 30, 2024 with Comparative Totals for 2023

NOTE 4 – INVESTMENTS (continued)

The following tabulation summarizes the return on investments for the years ended June 30, 2024 and 2023:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Dividends and interest	\$ 13,178	\$ 14,555
Net unrealized gain on investments	105,166	83,123
Investment fees	(150)	(150)
Total	<u>\$ 118,194</u>	<u>\$ 97,528</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment was comprised of the following at June 30, 2024 and 2023:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Land	\$ 106,900	\$ 106,900
Building and improvements	173,480	173,480
Equipment	704,518	689,070
Leasehold improvements	988,635	998,422
Motor vehicles	619,782	467,479
Total	<u>2,593,315</u>	<u>2,435,351</u>
Less: accumulated depreciation	<u>(1,444,623)</u>	<u>(1,318,679)</u>
Net property and equipment	<u>\$ 1,148,692</u>	<u>\$ 1,116,672</u>

NOTE 6 – GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable at June 30, 2024 and 2023 consists of amounts due from:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Federal, state and local government agencies	\$ 1,889,419	\$ 1,854,559
Local nonprofit organizations	-	8,701
Total grants and contracts receivable	<u>\$ 1,889,419</u>	<u>\$ 1,863,260</u>

NOTE 7 – PLEDGE RECEIVABLE

At June 30, 2024, 100% of CCFR's pledge receivable was from one donor. CCFR did not have any pledges receivable at June 30, 2023. Pledge receivable is expected to be collected as follows as of June 30, 2024:

Unconditional promise to be collected in:	
One year or less	\$ 50,000
One to five years	50,000
Total	<u>100,000</u>
Less - discount (rate of 2.96%)	<u>(4,271)</u>
Net pledge receivable	<u>\$ 95,729</u>

Catholic Charities of the Diocese of Fall River, Massachusetts, Inc.

Notes to Financial Statements – *continued*
June 30, 2024 with Comparative Totals for 2023

NOTE 8 - ACCOUNTS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

Accounts receivable at June 30, 2024 and 2023 consist of amounts due from the following:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Clients	\$ 161,618	\$ 79,837
Community Action for Better Housing, Inc.	67,475	78,721
St. Dominic's Apartments, Inc.	47,661	55,604
Total	276,754	214,162
Less: allowance for credit losses	(268,732)	(212,560)
Accounts receivable, net	<u>\$ 8,022</u>	<u>\$ 1,602</u>

Accounts receivable includes receivables from clients for services provided and related organizations. The related organizations are related entities through affiliation with the Roman Catholic Diocese of Fall River. In June 2023, CCFR and the related organizations entered into agreements to forgive half of the outstanding receivable balance with the remaining balance to be repaid in equal monthly payments over seven years. Any funds collected by CCFR will be recognized as income when received. During 2024, CCFR collected \$7,943 and \$11,246, from St. Dominic's Apartments, Inc. and Community Action for Better Housing, Inc., respectively.

Allowance for credit losses at June 30, 2024 consists of the following:

<u>Description</u>	<u>2024</u>
Beginning of year	\$ 212,560
Provision for credit losses	100,256
Charge-offs	(24,895)
Recoveries	(19,189)
End of year	<u>\$ 268,732</u>

NOTE 9 - OTHER CURRENT ASSETS

Other current assets at June 30, 2024 and 2023 consist of the following amounts:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Due from Fall River Diocese	\$ 571	\$ 571
Due from vendors	1,454	2,397
Trust account	1,044	1,044
Due from an employee	1,182	164
Total	<u>\$ 4,251</u>	<u>\$ 4,176</u>

Catholic Charities of the Diocese of Fall River, Massachusetts, Inc.

Notes to Financial Statements – *continued*
June 30, 2024 with Comparative Totals for 2023

NOTE 10 - LONG TERM DEBT

As part of the merger of Market Ministries into CCFR on July 1, 2010, CCFR assumed an obligation with the City of New Bedford stemming from a Community Development Block Grant. The noninterest bearing note totaling \$155,650 was used to rehabilitate a building owned by Market Ministries. Ownership of the building transferred to CCFR at the time of the merger with Market Ministries. CCFR is obligated to repay the amount only upon the occurrence of a sale, lease, transfer or change in use of the property.

Since July 1, 2017, the building has been leased to a third party. This action triggered repayment of the note. However, the City of New Bedford issued a waiver indicating the city would not require repayment due to the leasing of the building.

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2024 and 2023:

<u>Description</u>	<u>2024</u>	<u>2023</u>
<i>Purpose:</i>		
Shelter operations	\$ 164,920	\$ 406,312
Program operations	199,698	199,257
Client assistance	95,265	45,265
Staffing	50,000	-
Capital asset acquisition	-	26,326
Vehicle expenses	2,000	2,000
Mortgage assistance	-	4,220
Total purpose	511,883	683,380
<i>Purpose and time:</i>		
Pledge for staffing	95,729	-
Total	\$ 607,612	\$ 683,380

Net assets releases from donor restrictions for the years ended June 30, 2024 and 2023 were as follows:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Shelter operations	\$ 292,590	\$ 95,228
Program operations	-	38,290
Client assistance	-	30,000
Capital asset acquisition	26,326	25,000
Mortgage assistance	4,220	-
Total	\$ 323,136	\$ 188,518

Catholic Charities of the Diocese of Fall River, Massachusetts, Inc.

Notes to Financial Statements – *continued*
June 30, 2024 with Comparative Totals for 2023

NOTE 12 – RELATED PARTY TRANSACTIONS

CCFR is an organization of the Roman Catholic Diocese of Fall River. The following related party transactions with the Roman Catholic Diocese of Fall River are included in the financial statements for the years ended June 30, 2024 and 2023:

Description	2024	2023
Financial support	\$ 1,000,441	\$ 1,331,717
Donated facilities	\$ 957,307	\$ 957,307
Amounts paid to the Diocese for:		
Employee benefits	\$ 467,633	\$ 382,047
Property and vehicle insurance	\$ 88,662	\$ 83,525
Rent	\$ 51,300	\$ -
Administrative fee	\$ 2,001	\$ 3,485
Advertising	\$ 1,885	\$ 2,640

NOTE 13 – IN-KIND CONTRIBUTIONS

For the year ended June 30, 2024, CCFR received the following in-kind donations:

- \$291,601 in food donations from the Greater Boston Foodbank. Contributed food are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a “like-kind” methodology considering the goods’ condition and utility for use at the time of the contribution. Contributed food is used in program services.
- Free use of space as a tenant-at-will from the Roman Catholic Diocese of Fall River totaling \$957,307 which was determined based on comparable market value rates. The space is used by CCFR for both administrative and program activities.

For the year ended June 30, 2023, CCFR received the following in-kind donations:

- \$381,122 in food donations from the Greater Boston Foodbank. Contributed food are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a “like-kind” methodology considering the goods’ condition and utility for use at the time of the contribution. Contributed food is used in program services.
- Free use of space as a tenant-at-will from the Roman Catholic Diocese of Fall River totaling \$957,307 which was determined based on comparable market value rates. The space is used by CCFR for both administrative and program activities.
- \$16,065 in camera installation labor from DEG Associates. The value of the labor was determined by the donor at its standard hourly charge rate. The camera installation occurred at a family shelter location.

Catholic Charities of the Diocese of Fall River, Massachusetts, Inc.

Notes to Financial Statements – *continued*
June 30, 2024 with Comparative Totals for 2023

NOTE 14 – PENSION PLAN

As an organization of the Roman Catholic Diocese of Fall River, CCFR's employees were eligible to participate in the Diocese's defined contribution plan. The plan was suspended on January 1, 2016. Through this date, employees who had worked a minimum of twenty hours per week, were employed at least twelve months prior to the enrollment date and were at least twenty-one years of age were eligible to participate. Since the plan was suspended, participants can no longer make contributions to plan. Beginning in fiscal year 2018, the Roman Catholic Diocese of Fall River began requiring CCFR to make contributions each month to sustain the plan.

For the years ended June 30, 2024 and 2023, CCFR contributed \$51,098 and \$51,062, respectively, to the employee benefit plan.

NOTE 15 – CONCENTRATION OF CREDIT RISK

For the year ended June 30, 2024, CCFR received \$11,303,420 of total contract revenue from four government entities. For the year ended June 30, 2023, CCFR received \$10,738,939 of total contract revenue from four government entities. For the years ended June 30, 2024 and 2023, contract revenue from these sources represents approximately 75% and 66%, respectively, of total revenue and support.

Amounts due from these entities totaled \$1,888,702 and \$1,854,559 or approximately 92.67% and 99.45% of accounts receivable at June 30, 2024 and 2023, respectively.

CCFR maintains its cash deposits at a local financial institution insured by the Federal Deposit Insurance Corporation (FDIC) and Depositors Insurance Fund (DIF). CCFR has not experienced any losses in such accounts and management believes they are not exposed to any significant credit risk. CCFR's cash deposits were fully insured at June 30, 2024 and 2023.

NOTE 16 – CONTINGENCIES

Government Contracts

CCFR's various grants and contracts are subject to audit by the awarding governmental agencies. Acceptance of final costs incurred under these grants and contracts resides with these grantors. As of the date of these financial statements, the materiality of adjustments to final costs, if any, cannot be determined although management does not anticipate any. Therefore, no adjustment has been made to the financial statements.

NOTE 17 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

CCFR's financial assets available within one year of the balance sheet date to meet cash needs for general expenditure at June 30, 2024 and 2023 are as follows:

Description	2024	2023
Cash	\$ 2,655,719	\$ 3,201,263
Grants and contracts receivable	1,889,419	1,863,260
Investments	961,447	843,253
Other current assets	4,251	4,176
Total	<u>\$ 5,510,836</u>	<u>\$ 5,911,952</u>

Catholic Charities of the Diocese of Fall River, Massachusetts, Inc.

Notes to Financial Statements – *continued*
June 30, 2024 with Comparative Totals for 2023

NOTE 17 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

As part of CCFR’s liquidity management, CCFR has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. None of the financial assets noted above are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

NOTE 18 – LEASES

CCFR leases certain program facilities and equipment at various terms under long-term non-cancelable operating lease and finance lease agreements, which range from twelve months to five years expiring in fiscal year 2029 with extension options available. CCFR includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. CCFR’s operating lease provides for increases in future minimum annual rental payments. Additionally, the operating lease agreements requires CCFR to pay insurance, and repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease. CCFR has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. CCFR has applied the risk-free rate option to the building and office equipment classes of assets. CCFR’s right of use assets and liabilities at June 30, 2024 and 2023 are as follows:

Description	2024	2023
Right of use asset - operating lease	\$ 336,090	\$ 247,597
Right of use asset - financing lease	37,293	46,105
Total	<u>\$ 373,383</u>	<u>\$ 293,702</u>
Right of use liability - operating lease	\$ 342,183	\$ 251,050
Right of use liability - financing lease	37,293	46,105
Total	<u>\$ 379,476</u>	<u>\$ 297,155</u>

Total lease costs included in occupancy for the year ended June 30, 2024 and 2023 is as follows:

	2024	2023
Operating lease cost	\$ 180,046	\$ 124,694
Finance lease cost:		
Interest expense	\$ 97	\$ 120
Amortization of right-of-use assets	\$ 745	\$ 722

Catholic Charities of the Diocese of Fall River, Massachusetts, Inc.

Notes to Financial Statements – *continued*
June 30, 2024 with Comparative Totals for 2023

NOTE 18 – LEASES (continued)

The following table summarizes the supplemental cash flow information for the year ended June 30, 2024 and 2023:

Cash paid for amounts included in the measurement of lease liabilities

	<u>2024</u>	<u>2023</u>
Operating cash flows from operating leases	\$ 177,406	\$ 121,241
Operating cash flows from finance leases	\$ 97	\$ 120
Financing cash flows from finance leases	\$ 745	\$ 722

Right-of-use assets obtained in exchange for lease liabilities

Finance leases	\$ -	\$ 46,827
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The following summarizes the weighted-average remaining lease term and weight-average discount rate:

Weighted average remaining lease term in years as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating	2.41 Years	3.25 Years
Finance	3.92 Years	5.00 Years

Weighted average discount rate as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating	3.13%	3.13%
Finance	3.13%	3.13%

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of June 30, 2024:

<u>Fiscal Year</u>	<u>Operating</u>	<u>Finance</u>
2025	\$ 132,204	\$ 10,103
2026	110,538	10,103
2027	57,678	10,103
2028	58,051	9,262
2029	686	-
Total	<u>359,157</u>	<u>39,571</u>
Less interest	<u>(16,974)</u>	<u>(2,278)</u>
Present value of lease liabilities	<u>\$ 342,183</u>	<u>\$ 37,293</u>

NOTE 19 – GRANTS

In fiscal year 2023, CCFR was able to claim the Employee Retention Credit (ERC) under the CARES Act. The total credit earned and received from the Internal Revenue Service was (IRS) was \$1,643,073.

Catholic Charities of the Diocese of Fall River, Massachusetts, Inc.

Notes to Financial Statements – *continued*
June 30, 2024 with Comparative Totals for 2023

NOTE 20 – SUBSEQUENT EVENTS

CCFR has evaluated subsequent events through December 12, 2024, which is the date the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2024, that require recognition or disclosure in these financial statements.