

**Catholic Charities Corporation and
Diocese of Cleveland Facilities Services
Corporation and Subsidiary**

Combined Financial Report

December 31, 2022



Contents

Independent Auditors' Report	1-2
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Financial Statements	
Combined Statement of Financial Position	3
Combined Statement of Activities	4
Combined Statement of Functional Expenses	5
Combined Statement of Cash Flows	6
Notes to Combined Financial Statements	7-20

Supplementary Information	
Details of Combined Statement of Financial Position	21
Details of Combined Statement of Activities	22
Details of Appropriations	23



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Independent Auditors' Report

Board of Directors
Catholic Charities Corporation and
Diocese of Cleveland Facilities Services Corporation and Subsidiary
Cleveland, Ohio

Opinion

We have audited the combined financial statements of Catholic Charities Corporation and Diocese of Cleveland Facilities Services Corporation and Subsidiary (nonprofit organizations) (combined, the Organizations), which comprise the combined statement of financial position as of December 31, 2022, and the related combined statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Organizations as of December 31, 2022, and the changes in their net assets and their 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the Organizations 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 these combined 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 the combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 it is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 Organizations' 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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organizations' ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information on pages 21-22 and the details of appropriations on page 23 are presented for purposes of additional analysis of the combined financial statements rather than to present the financial position and results of operations of the individual organizations, and are not a required part of the combined 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 combined financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated, in all material respects in relation to the combined financial statements as a whole.

Meloney + Novotny LLC

Cleveland, Ohio
June 29, 2023

**Catholic Charities Corporation and
Diocese of Cleveland Facilities Services Corporation and Subsidiary**

**Combined Statement of Financial Position
December 31, 2022**

Assets	
Current assets:	
Cash and cash equivalents:	
Operating	\$ 7,522,830
Money markets	122,988
Total cash and cash equivalents	<u>7,645,818</u>
Accounts receivable, net	6,891,504
Prepaid expenses	355,280
Total current assets	<u>14,892,602</u>
Other assets:	
Investments	41,741,051
Land held for future development	21,500
Property and equipment, net	21,622,517
Right-of-use assets - operating	1,711,608
Beneficial interest in perpetual trusts	6,354,620
Interest rate swap asset	47,708
Other	102,664
Total other assets	<u>71,601,668</u>
Total assets	<u><u>\$ 86,494,270</u></u>
Liabilities and Net Assets	
Current liabilities:	
Accounts payable	\$ 26,727
Grants payable	18,432
Current portion of long-term debt	369,806
Accrued payroll and benefits	574,340
Accrued expenses - other	2,841,670
Deferred revenue	630,778
Current portion of operating lease liabilities	603,345
Accrued postretirement benefits	147,253
Total current liabilities	<u>5,212,351</u>
Other liabilities:	
Accrued postretirement benefits	2,147,474
Accrued compensated absences	164,434
Long-term debt, net of current portion	3,784,222
Operating lease liabilities, net of current portion	1,129,483
Total other liabilities	<u>7,225,613</u>
Total liabilities	<u>12,437,964</u>
Net assets:	
Without donor restrictions:	
Undesignated	48,113,494
Board designated	10,561,839
Total without donor restrictions	<u>58,675,333</u>
With donor restrictions	15,380,973
Total net assets	<u>74,056,306</u>
Total liabilities and net assets	<u><u>\$ 86,494,270</u></u>

See notes to combined financial statements.

**Catholic Charities Corporation and
Diocese of Cleveland Facilities Services Corporation and Subsidiary**

**Combined Statement of Activities
Year Ended December 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Contributions:			
Catholic Charities annual appeal	\$ 17,251,085		\$ 17,251,085
Other	10,413,962	\$ 5,783,470	16,197,432
Total contributions	27,665,047	5,783,470	33,448,517
Program fees	4,684,550		4,684,550
Governmental	25,657,658		25,657,658
Donated goods, facilities and services	285,164		285,164
United Way	581,641	477,748	1,059,389
Investment income, net	187,712		187,712
Special events, net	98,979		98,979
Rent	1,255,196		1,255,196
Other	1,233,168		1,233,168
Net assets released from restrictions	4,521,045	(4,521,045)	-
Total revenues and support	66,170,160	1,740,173	67,910,333
Expenses:			
Programs	48,631,101		48,631,101
Supporting services	10,196,780		10,196,780
Total expenses	58,827,881		58,827,881
Change in net assets before non-operating activity	7,342,279	1,740,173	9,082,452
Non-operating activity:			
Investment loss, net	(4,728,323)	(667,519)	(5,395,842)
Change in value of beneficial interest in perpetual trusts		(1,656,576)	(1,656,576)
Postretirement benefits	815,557		815,557
Net assets released from restrictions	106,000	(106,000)	-
Total non-operating activity	(3,806,766)	(2,430,095)	(6,236,861)
Change in net assets	3,535,513	(689,922)	2,845,591
Net assets Catholic Charities Corporation – beginning	39,675,127	16,070,895	55,746,022
Net assets Diocese of Cleveland Facilities Services Corporation and Subsidiary – beginning	15,464,693		15,464,693
Net assets – ending	\$ 58,675,333	\$ 15,380,973	\$ 74,056,306

See notes to combined financial statements.

**Catholic Charities Corporation and
Diocese of Cleveland Facilities Services Corporation and Subsidiary**

**Combined Statement of Functional Expenses
Year Ended December 31, 2022**

	Programs							Total Programs	Supporting Services		Total Supporting Services
	Total	Children and Families	Older Adults	Disabilities	Behavioral Health	Emergency and Transitional	Parish and Pastoral		Management and General	Fundraising	
Salaries	\$ 28,951,633	\$ 9,216,389	\$ 1,067,442	\$ 422,469	\$ 8,676,741	\$ 1,752,271	\$ 3,204,356	\$ 24,339,668	\$ 4,128,802	\$ 483,163	\$ 4,611,965
Employee benefits	5,511,584	1,746,359	187,431	64,702	1,662,953	298,684	604,198	4,564,327	871,915	75,342	947,257
Payroll taxes	2,256,043	710,250	82,254	32,527	677,877	139,345	250,584	1,892,837	326,693	36,513	363,206
Total salaries and related expenses	36,719,260	11,672,998	1,337,127	519,698	11,017,571	2,190,300	4,059,138	30,796,832	5,327,410	595,018	5,922,428
Purchased services	4,707,564	164,544	59,396	10,072	527,635	41,737	1,206,817	2,010,201	553,923	2,143,440	2,697,363
Supplies	2,512,368	985,185	124,640	9,623	375,842	797,919	141,430	2,434,639	74,976	2,753	77,729
Telephone	499,830	145,896	20,249	12,022	153,746	36,982	64,592	433,487	60,602	5,741	66,343
Postage	89,759	7,749	3,171	3,397	3,019	764	52,407	70,507	19,211	41	19,252
Occupancy	4,544,262	1,160,184	726,303	152,388	1,025,033	711,329	545,652	4,320,889	197,082	26,291	223,373
Equipment and software	1,531,536	487,374	59,830	17,096	313,501	106,615	174,109	1,158,525	325,534	47,477	373,011
Printing and publications	48,823	12,157	93	1,120	5,081	788	2,736	21,975	23,412	3,436	26,848
Travel	759,071	295,004	95,771	35,766	156,753	19,617	114,676	717,587	36,512	4,972	41,484
Conferences and meetings	238,930	121,371	3,230	3,223	27,900	1,968	27,874	185,566	48,204	5,160	53,364
Special assistance	2,427,099	314,173		6,778	53,519	945,111	1,102,574	2,422,155	4,893	51	4,944
Organization and membership fees	160,634	33,627	123	1,207	3,829	4,387	13,495	56,668	103,963	3	103,966
Awards and grants	2,266,196	26,500	1,253,683	413,597			481,616	2,175,396	90,800		90,800
Miscellaneous	705,642	124,556	946	221,115	43,846	711	53,992	445,166	143,206	117,270	260,476
Total expenses before depreciation and amortization	57,210,974	15,551,318	3,684,562	1,407,102	13,707,275	4,858,228	8,041,108	47,249,593	7,009,728	2,951,653	9,961,381
Depreciation and amortization	1,616,907	447,751	356,317	237,801	161,542	166,348	11,749	1,381,508	234,358	1,041	235,399
Total expenses	\$ 58,827,881	\$ 15,999,069	\$ 4,040,879	\$ 1,644,903	\$ 13,868,817	\$ 5,024,576	\$ 8,052,857	\$ 48,631,101	\$ 7,244,086	\$ 2,952,694	\$ 10,196,780

See notes to combined financial statements.

**Catholic Charities Corporation and
Diocese of Cleveland Facilities Services Corporation and Subsidiary**

**Combined Statement of Cash Flows
Year Ended December 31, 2022**

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Cash flows from operating activities:	
Change in net assets	\$ 2,845,591
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	1,616,907
Amortization of right-of-use assets	702,436
Change in value of beneficial interest in perpetual trusts	1,656,576
Unrealized and realized loss on investments	6,019,732
Change in allowance for doubtful accounts	(517,141)
Change in interest rate swap	(128,739)
Changes in operating assets and liabilities:	
Accounts receivable, net	(633,458)
Prepaid expenses and other assets	(151,128)
Accounts payable	(228,756)
Grants payable	4,373
Accrued payroll and benefits	88,304
Accrued expenses - other	1,136,483
Deferred revenue	(351,080)
Accrued postretirement benefits	(816,761)
Accrued compensated absences	(33,772)
Operating lease liability	(681,216)
Net cash provided by operating activities	<u>10,528,351</u>
Cash flows from investing activities:	
Purchase of equipment and improvements	(1,237,009)
Purchase of investments	(9,182,815)
Net cash used in investing activities	<u>(10,419,824)</u>
Cash flows from financing activities	
Payments on notes payable	<u>(369,800)</u>
Change in cash and cash equivalents	(261,273)
Beginning	<u>7,907,091</u>
Ending	<u><u>\$ 7,645,818</u></u>

Noncash transaction during 2022:

On January 1, 2022, and as described in Note 1, the Organizations implemented ASU No. 2016-12. As a result, right-of-use assets and liabilities in the amount of \$2,414,044 were recorded in the combined statement of financial position to reflect the Organizations' lease arrangements.

See notes to combined financial statements.

**Catholic Charities Corporation and
Diocese of Cleveland Facilities Services Corporation and Subsidiary**

Notes to Combined Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Purpose: Catholic Charities Corporation (Charities) continues the mission of Jesus by responding to those in need through an integrated system of quality services designed to respect the dignity of every person and build a just and compassionate society.

Diocese of Cleveland Facilities Services Corporation (Facilities) and its wholly-owned subsidiary, Catholic Charities Housing Corporation (CCHC), provide leadership and expertise in the planning, construction, management, maintenance and renovation of the buildings in which the charitable activities of Charities and the Catholic Diocese of Cleveland occur.

Principles of combination: The combined financial statements of Catholic Charities Corporation and Diocese of Cleveland Facilities Services Corporation and Subsidiary (collectively, the Organizations) include the accounts of Charities, Facilities and CCHC. The financial activity of these entities have been combined. Management has combined the financial statements for Charities, Facilities and CCHC due to the significant landlord/tenant relationships between the Organizations and to report on both the buildings and operations utilized by Charities. All significant intercompany accounts and transactions have been eliminated in the combination.

As of January 1, 2022, beginning assets, liabilities and net assets for Facilities and CCHC were approximately \$20.1M (primarily property and equipment), \$4.7M (primarily long-term debt) and \$15.5M, respectively. In 2022, Facilities and CCHC had a change in net assets of \$(800,000), primarily due to depreciation expense.

Change in accounting principle: In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-02, *Leases (Topic 842)*, which requires lessees to recognize leases with terms longer than 12 months on the balance sheet. The Organizations adopted the standard as of January 1, 2022, electing the transition method that allows them to apply the standard as of the adoption date and record a cumulative-effect adjustment in net assets, if applicable. The Organizations elected the package of practical expedients for all leases that commenced before the effective date of January 1, 2022. Accordingly, the Organizations 1) did not reassess whether any expired or existing contracts are or contain leases, 2) did not reassess the lease classification for any expired or existing lease and 3) did not reassess initial direct costs for any existing leases.

Operating lease right-of-use (ROU) assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As the Organizations' leases generally do not include an implicit rate, the Organizations used the rate that would be used if using a lender to purchase the asset over the time frame of the lease to determine the present value of future payments. The operating lease ROU asset also includes any payments made and excludes lease incentives and any initial direct costs incurred. The Organizations' operating lease ROU assets and operating lease liabilities are calculated including options to extend the lease when it is reasonable certain that the Organizations will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the term of the lease.

Significant accounting policies consist of the following:

Accounting method: The accompanying combined financial statements of the Organizations have been prepared on the accrual basis of accounting, and in all material respects, in accordance with accounting principles generally accepted in the United States of America. The Organizations reports information regarding their financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions result from receipt of funds that are free from donor-imposed restrictions as to the timing or use of the funds. Net assets without donor restrictions also include those funds that have been designated for use by the Board of Directors of the Organizations, as further described in Note 10.

**Catholic Charities Corporation and
Diocese of Cleveland Facilities Services Corporation and Subsidiary**

Notes to Combined Financial Statements (Continued)

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Accounting method (Continued):

Net assets with donor restrictions result from receipt of cash or other assets subject to donor (or certain grantor) stipulations that limit the use of the contributed assets. Some donor-imposed restrictions are temporary in nature, such as those resulting from timing differences between the receipt of funds and the incurrence of the related expenses. Other donor-imposed restrictions are permanent in nature where the funds are subject to the restrictions of donors that the principal be invested in perpetuity and only the income be utilized. These assets also include the Organizations' proportionate interest in perpetual trusts. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities as net assets released from restrictions. Certain revenues and support that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized.

Operations: The combined statement of activities includes a subtotal for the change in net assets before non-operating activity. This subtotal reflects revenues that the Organizations received for operational purposes. Non-operating activity includes the earnings on investment balances with donor restrictions, change in postretirement benefits and gains and losses on sales or disposal of assets, which are not deemed to be a part of operating activities.

Revenue recognition: The Organizations recognize 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 barrier and a right of return - are not recognized until the conditions on which they depend on have been met. The Catholic Charities Annual Appeal revenue is recognized over the course of the year as payments are received. Donated goods, services and facilities are recognized at estimated fair market value when the goods are received, the service is rendered or the facilities are utilized.

A portion of Charities' contribution revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Charities has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the combined statement of financial position. Charities received cost-reimbursable grants of \$10,234,684 that have not been recognized at December 31, 2022, because qualifying expenditures have not yet been incurred.

Charities' program service revenues are recognized as performance obligations are completed. Revenues related to clinical or therapeutic sessions with clients, consultations with clients and other services are recognized at the point the session or consultation occurs at the rate agreed to with the client and/or third party payor. Revenues related to Catholic Youth Organization athletic fees are recognized over the period of the applicable season. Athletic fees that have been collected but not yet earned in the amount of \$614,409 have been recognized in the combined statement of financial position as part of deferred revenue for the year ended December 31, 2022. Amounts included in governmental revenues for the year ended December 31, 2022 include governmental grants of \$8,034,977 and revenues from fee for services which include performance obligations as defined in ASC 606 of \$17,622,681.

Facilities' and CCHC's revenues are principally derived from one year or longer termed operating leases on buildings owned. Accordingly, rental revenue is recognized in accordance with the lease terms. Management fees received from the Diocese of Cleveland and Charities are an allocation of support for operating activities.

**Catholic Charities Corporation and
Diocese of Cleveland Facilities Services Corporation and Subsidiary**

Notes to Combined Financial Statements (Continued)

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued):

Program service revenues for the year ended December 31, 2022 were as follows:

Program fee revenues recognized at a point in time	\$ 2,721,918
Program fee revenues recognized over a period of time	1,962,632
Governmental revenues with performance obligations recognized at a point in time	17,622,681
	<u>\$ 22,307,231</u>

Cash and cash equivalents: The Organizations consider all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Instruments that meet this criteria but are purchased within the Organizations' investment portfolios are classified as investments.

Concentration of credit risk: The Organizations place their cash and investments with financial institutions. Deposits with financial institutions may exceed Federal Depository Insurance Corporation insurance limits. Management believes the risk associated with exceeding these limits is balanced by the stability of the financial institutions involved.

Trade receivables: Accounts receivable are primarily due from governmental agencies.

Allowance for doubtful accounts: The Organizations provide for uncollectible accounts receivable using the allowance method. Management estimates an allowance for delinquent accounts based on their review of delinquent accounts and an assessment of the Organizations' historical evidence of collections. The allowance for uncollectible accounts receivable was \$1,234,756 at December 31, 2022.

Investments: Investments are reported in the combined statement of financial position at fair value with any realized and unrealized gains and losses reported in the combined statement of activities. Investment income and gains and losses are reported as increases or decreases in net assets in the accounting period in which they occur. Realized gains and losses represent the difference between the proceeds and the carrying value of the investments sold. Unrealized gains and losses represent the difference between the cost and fair value of the investment.

Property and equipment: Property and equipment are stated at cost or fair value at the date of donation. Expenditures that significantly increase values, change capacities or extend useful lives are capitalized. Repairs and maintenance costs are expensed as incurred. Depreciation and amortization is computed over the estimated useful life of the asset using the straight-line method. Useful lives for equipment and improvement acquisitions range from 3-40 years.

Beneficial interest in perpetual trusts: The Organizations maintain a beneficial interest in irrevocable trusts established for their benefit. The Organizations' beneficial interests are stated at fair market value and are reflected in the combined financial statements as net assets with donor restrictions.

Postretirement benefit plan: The Organizations recognize the unfunded status of their postretirement benefit plan in the combined statement of financial position. The unfunded status is the difference between the fair value of the plan assets and the benefit obligation.

**Catholic Charities Corporation and
Diocese of Cleveland Facilities Services Corporation and Subsidiary**

Notes to Combined Financial Statements (Continued)

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Interest rate swap agreement: The interest rate swap agreement is recognized as an asset or liability at its fair value in the combined statement of financial position with the change in fair value reported in the change in net assets. As of December 31, 2022, the fair value of the interest rate swap resulted in an asset balance of \$47,708 in the combined statement of financial position. During the year ended December 31, 2022, the change in fair value of the interest rate swap resulted in a gain of \$128,739 which is recorded in other revenue in the combined statement of activities.

Allocation of functional expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the combined statement of activities and by natural classification in the combined statement of functional expenses. Accordingly, certain costs have been allocated to program services, management and general and fundraising as determined by management of the Organizations. Employee related expenses are allocated based on the time an individual spends performing services. Certain expenses, such as utilities and occupancy, are allocated based on square footage. General expenses are directly charged to specific programs based on the nature of the expense.

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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tax status: The Organizations are not-for-profit corporations described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Contributions to the Organizations qualify as charitable contributions.

Uncertain income tax positions: The FASB provides guidance for how uncertain income tax positions should be recognized, measured, disclosed and presented in the combined financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organizations' tax returns to determine whether the tax positions are more-likely-than-not of being sustained when challenged or when examined by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense and liability in the current year. For the year ended December 31, 2022, management has determined that there are no significant uncertain tax positions.

Subsequent events: The Organizations have evaluated subsequent events for potential recognition and/or disclosure through June 29, 2023, the date the combined financial statements were available to be issued. There were no subsequent events requiring disclosure.

Note 2. Liquidity and Availability

The Organizations regularly monitor liquidity required to meet their operating needs. The Organizations have various sources of liquidity including cash and cash equivalents and investments. In addition to financial assets available to meet general expenditures over the next 12 months, the Organizations operate with a balanced budget and anticipate collecting sufficient revenue to cover operating expenses.

The Organizations receive contributions restricted by donors, and consider contributions restricted for programs which are ongoing, major and central to their annual operations to be available to meet cash needs for general expenditures.

**Catholic Charities Corporation and
Diocese of Cleveland Facilities Services Corporation and Subsidiary**

Notes to Combined Financial Statements (Continued)

Note 2. Liquidity and Availability (Continued)

The Organizations manage their cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets and
- Maintaining sufficient reserves to provide reasonable assurance that future opportunities of a long-term nature can be acted upon.

To achieve these targets, the Organizations forecast future cash flows and monitor liquidity and reserves monthly.

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

Cash and cash equivalents	\$ 7,645,818
Accounts receivable, net	6,891,504
Investments	26,546,363
Anticipated distributions from the Catholic Community Foundation	1,840,000
	<u>\$ 42,923,685</u>

Note 3. Fair Value Disclosures

The Organizations measure their financial instruments at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting principles and standards established a three level hierarchy for disclosure to show the extent and the level of judgment used to estimate fair value measurements:

Level 1 – Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the year ended December 31, 2022, the application of valuation techniques applied to similar assets and liabilities has been consistent. The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risks associated with investing in those instruments.

**Catholic Charities Corporation and
Diocese of Cleveland Facilities Services Corporation and Subsidiary**

Notes to Combined Financial Statements (Continued)

Note 3. Fair Value Disclosures (Continued)

The following is a description of the valuation methodologies used for instruments measured at fair value:

Fair value of financial instruments: The carrying amounts of financial instruments, including cash and cash equivalents, receivables and accounts payable, approximate fair value due to the short term nature of these instruments. The fair value of investments is estimated based on quoted market prices, when available, or market prices provided by recognized broker dealers using nationally known pricing services.

The fair value of the Organizations' long-term debt is based upon the incremental borrowing rates for similar types of borrowing arrangements.

Investments - pooled funds at the CCF: The Organizations participate in various pooled funds held and managed by the Catholic Community Foundation (CCF). CCF provides the fair value of the Organizations' proportionate interest in the CCF pooled funds. The underlying assets in the pooled fund investment portfolios consist of securities, whose fair value is based on quoted market prices. In accordance with the terms of the agreement between the Organizations and CCF, the Organizations may request partial or complete distribution of the pooled funds at any time.

Beneficial interest in perpetual trusts: The fair value of the beneficial interest in perpetual trusts represents the Organizations' proportionate interest in the value of the trusts. The fair values of the trusts were provided by the respective trustees. The fair value of the underlying assets in the trusts is based on quoted market prices.

Interest rate swap: The fair value of the interest rate swap is determined from proprietary models based upon well recognized financial principles and future interest rates which provide a reasonable approximation of fair value.

Fair value on a recurring basis: The table below presents the balance of assets and liabilities measured at fair value on a recurring basis as of December 31, 2022:

	Total	Level 1	Level 2	Level 3
Financial assets:				
Investments:				
Pooled funds held at CCF	\$ 41,741,051	\$ -	\$ 41,741,051	\$ -
Beneficial interest in perpetual trusts	6,354,620	-	-	6,354,620
Interest rate swap	47,708	-	47,708	-
Total assets	<u>\$ 48,143,379</u>	<u>\$ -</u>	<u>\$ 41,788,759</u>	<u>\$ 6,354,620</u>

The changes in the fair value of Level 3 assets are summarized as follows for the year ending December 31, 2022:

	Beneficial Interest in Perpetual Trusts
Balance, January 1, 2022	\$ 8,011,196
Change in value of beneficial interest in perpetual trusts	(1,656,576)
Balance, December 31, 2022	<u>\$ 6,354,620</u>

**Catholic Charities Corporation and
Diocese of Cleveland Facilities Services Corporation and Subsidiary**

Notes to Combined Financial Statements (Continued)

Note 4. Related Parties

Charities received \$1,380,955 from funds invested through CCF for the year ended December 31, 2022. Charities then allocated these funds throughout the Catholic Charities System. Total funds appropriated to Charities were \$1,165,724 for the year ended December 31, 2022. \$215,231 was appropriated to St. Augustine Manor (Manor) and Rose-Mary (RM) in 2022. Manor and RM are not included in the combined financial statements.

Charities received funds from the United Way of Cleveland on behalf of the Catholic Charities System in Cuyahoga County. Charities retained most of the funds as revenue and also distributed funds to RM.

Facilities provides some of the buildings in which Charities delivers services. During the year ended December 31, 2022, Charities paid \$1,291,395 for occupancy of these buildings. In addition, Charities paid \$157,412 to Facilities for property management and \$866 for other supporting services during the year ended December 31, 2022. CCHC provides the building that houses Charities' St. Elizabeth Center in Lorain. During 2022, Charities paid \$106,000 in rent for that building. All amounts have been eliminated in the combined financial statements. Effective October 1, 2022, the employees of Facilities became employees of the Diocese of Cleveland Facilities Department and a shared services agreement was entered into wherein the project management and other services rendered by Facilities and CCHC were obtained from the Diocese of Cleveland.

Facilities and CCHC also provide some of the buildings in which RM and Manor deliver services. For the year ended December 31, 2022, RM and Manor paid \$727,362 and \$410,653, respectively, for occupancy in these buildings. Facilities and CCHC are expected to receive approximately the same rent from RM and Manor in 2023. As of December 31, 2022, Facilities and CCHC had accounts receivable from RM and Manor of \$60,613 and \$100,000, respectively.

The Organizations purchased health insurance, professional and general liability insurance and workers' compensation insurance through the Diocese of Cleveland. The cost to the Organizations for these benefits was \$3,931,276 for 2022.

Included in accounts payable and accrued expenses at December 31, 2022 is \$449,367, due to various affiliates.

Note 5. Investments

The following summarizes the fair value of investments, which approximate cost and are determined by quoted market prices at December 31, 2022:

Pooled funds held at CCF	<u>\$ 41,741,051</u>
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The composition of investment income, net is as follows for the year ending December 31, 2022:

Interest and dividends	\$ 689,935
Investment income received from perpetual trusts	211,385
Investment management fees	(89,718)
Unrealized and realized loss on investments	<u>(6,019,732)</u>
	<u>\$ (5,208,130)</u>

**Catholic Charities Corporation and
Diocese of Cleveland Facilities Services Corporation and Subsidiary**

Notes to Combined Financial Statements (Continued)

Note 5. Investments (Continued)

Net investment income is reflected in the combined statement of activities as follows for the year ending December 31, 2022:

Operating	\$ 187,712
Non-operating	<u>(5,395,842)</u>
	<u>\$ (5,208,130)</u>

The Organizations consider earned and unspent investment income generated from investments with donor restrictions to be non-operating income.

Note 6. Beneficial Interest in Perpetual Trusts

Charities is the recipient of income from funds held in trust by others which operate in perpetuity. Charities has no control of the fund assets. The trustee of each trust fund has discretion over the investment of the fund assets. Charities is the irrevocable beneficiary of the income from the trust funds. Distributions received from these funds are included as operating revenue without donor restrictions. Changes in the fair value of Charities' beneficial interests in the trusts' assets are included in revenue and support with donor restrictions.

Note 7. Retirement Plans

The Organizations participate in a defined contribution plan (the Plan) covering employees meeting certain requirements. The Organizations provide a matching contribution in an amount equal to 50% of the first 6% of the amounts contributed by a participant. In addition, the Organizations provide a 3% discretionary contribution for all eligible employees. For the year ended December 31, 2022, the Organizations' contributions to the Plan were \$436,929 for the matching portion of the Plan and \$656,184 for the discretionary (3%) portion of the Plan.

The employees of Charities' Early Learning program participate in the Plan. Charities makes a 6% contribution of eligible compensation. The employees are not required to make contributions, but may elect to defer. Such elected deferrals for Early Learning program employees are not matched by Charities. For the year ended December 31, 2022, the Organizations made contributions of \$244,078.

The priests employed by Charities participate in a plan sponsored by the Catholic Diocese of Cleveland. Charities made contributions of \$20,000 to this plan for the year ended December 31, 2022.

Note 8. Postretirement Benefit Plan

Charities provides medical and life insurance coverage for retirees who meet their years of service requirement. Charities records the accumulated postretirement benefit obligation in the combined statement of financial position.

**Catholic Charities Corporation and
Diocese of Cleveland Facilities Services Corporation and Subsidiary**

Notes to Combined Financial Statements (Continued)

Note 8. Postretirement Benefit Plan (Continued)

Information relative to Charities' unfunded postretirement benefit plan as of and for the year ended December 31, 2022 is presented below:

Accumulated postretirement benefit obligation, beginning	\$ (3,111,488)
Employer service cost	(26,631)
Interest cost	(91,104)
Actuarial gain	842,771
Benefits paid	91,725
Accumulated postretirement benefit obligation, ending	<u><u>\$ (2,294,727)</u></u>

Amounts recognized in the combined statement of financial position:

Current	\$ 147,253
Long-term	2,147,474
	<u><u>\$ 2,294,727</u></u>

Amounts recognized for the year:

Employer contributions	<u><u>\$ 91,725</u></u>
Benefits paid	<u><u>\$ 91,725</u></u>

Components of net periodic benefit cost:

Employer service cost	\$ 26,631
Interest cost	91,104
Net gain amortization	(68,094)
Net periodic benefit cost	<u><u>\$ 49,641</u></u>

Amounts not yet recognized in the net periodic benefit cost:

Net gain	<u><u>\$ (2,097,089)</u></u>
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Weighted average assumptions:

Discount rate	<u><u>5.50%</u></u>
Rate of increase in the per capita cost of covered health care benefits	<u><u>7.00%</u></u>

Expected benefit payments during the year ending December 31:

2023	\$ 147,253
2024	157,066
2025	161,283
2026	165,292
2027	168,929
2028-2032	843,631

Employer contributions expected to be paid during the year ended December 31, 2023 are approximately \$147,200.

**Catholic Charities Corporation and
Diocese of Cleveland Facilities Services Corporation and Subsidiary**

Notes to Combined Financial Statements (Continued)

Note 8. Postretirement Benefit Plan (Continued)

For measurement purposes, a 7.00% annual rate of increase in the per capita cost of covered health care benefits is assumed for 2022. This rate is assumed to decrease at .5% per year until reaching 5.0% in 2031 and remaining at that level thereafter.

The plan is not eligible for the Medicare Part D prescription drug subsidy.

Note 9. Property and Equipment

Property and equipment consist of the following:

	January 1, 2022	Additions	Disposals	December 31, 2022
Office equipment and computers	\$ 1,485,071	\$ 82,063	\$ -	\$ 1,567,134
Buildings and leasehold improvements	10,222,316	531,389	-	10,753,705
Vehicles	1,308,322	175,516	-	1,483,838
Office furnishings	833,971	45,555	-	879,526
Fixed equipment	5,618,368	211,191	-	5,829,559
Land and land improvements	38,450,835	191,295	-	38,642,130
	<u>57,918,883</u>	<u>1,237,009</u>	<u>-</u>	<u>59,155,892</u>
Less: accumulated depreciation and amortization	(35,916,468)	(1,616,907)	-	(37,533,375)
	<u>\$ 22,002,415</u>	<u>\$ (379,898)</u>	<u>\$ -</u>	<u>\$ 21,622,517</u>

Note 10. Net Assets

Net Assets Without Donor Restrictions

A portion of net assets without donor restrictions has been designated for the following purposes at December 31, 2022:

Future Operating Reserve	\$ 5,693,081
Capital Replacement and/or Major Repairs Fund	2,436,800
Annual Appeal Reserve	1,613,771
Campership Fund	517,096
Land held for future development	21,500
Cleveland Diocese Evaluation for Marriage program	122,988
Summit County Support	156,603
	<u>\$ 10,561,839</u>

The Organizations have designated reserves for the benefit of the Catholic Charities programs. These include:

The Future Operating Reserve was created to provide organizational flexibility. It may be used to launch new projects or to meet other organizational needs. It is funded when both the Annual Appeal Reserve and the Capital Replacement and/or Major Repairs Funds have achieved their defined limits.

**Catholic Charities Corporation and
Diocese of Cleveland Facilities Services Corporation and Subsidiary**

Notes to Combined Financial Statements (Continued)

Note 10. Net Assets (Continued)

Net Assets Without Donor Restrictions (Continued)

The Capital Replacement and/or Major Repairs Fund exists to provide funding for large capital projects or significant capital repairs. It is funded when fundraising exceeds allocation commitments and from the sale of property. The size of the fund is generally limited to the capital needs defined in the Facilities' five year capital plan.

The Annual Appeal Reserve is primarily intended to provide organizational stability in the event that annual appeal funds raised annually fall short of a year's planned allocations. It is funded in years of excess fundraising and drawn down when commitments exceed funds raised. The size of the fund is generally limited to 10% of the annual fundraising target.

The Campership Fund was established by Charities to provide scholarships for children and families in need to attend summer camp programs.

The Summit County Support fund is invested with CCF and was established to provide support to Summit County operations. The intent is to preserve the \$50,000 principal of the fund, but Charities has the discretion to dissolve the fund, therefore, it has been classified as board designated net assets without donor restrictions.

Net Assets With Donor Restrictions

Net assets with donor restrictions were available for the following purposes at December 31, 2022 and were released for the following purposes for the year then ended:

	<u>Net Assets Available</u>	<u>Net Assets Released</u>
Time restrictions:		
United Way	\$ 477,748	\$ 466,502
Other	73,000	120,399
Purpose restrictions:		
Emergency assistance	4,547,008	1,476,098
Children and family services	1,919,900	1,278,047
Disabilities services	121,668	16,128
Chemical dependency	37,037	80,774
Social action	759,411	727,299
Athletics	367,332	235,928
Behavioral health	428,187	144,490
Older adults	255,387	81,380
Subject to spending policy and appropriation:		
Summit County	15,000	-
Unappropriated endowment earnings	24,675	-
Beneficial interest in perpetual trusts:		
Appeal support	4,754,749	-
Fatima	487,092	-
Parma	1,112,779	-
	<u>\$ 15,380,973</u>	<u>\$ 4,627,045</u>

**Catholic Charities Corporation and
Diocese of Cleveland Facilities Services Corporation and Subsidiary**

Notes to Combined Financial Statements (Continued)

Note 10. Net Assets (Continued)

Net Assets With Donor Restrictions (Continued)

Charities has several funds that are held and invested by various bank trust departments. These funds are included above as beneficial interest in perpetual trust. In addition, \$15,000 of the Summit County fund is endowed by the donor. Income generated from that fund is classified as with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the donor's intention. The fund is invested with CCF as part of pooled investment funds managed by CCF.

Note 11. Operating Leases

The Organizations have noncancellable building and equipment leases with various parties. For the year ended December 31, 2022, operating lease expense was \$763,553. Cash paid against the lease liabilities under these arrangements was \$742,333, and is included in the operating cash flows.

The following table displays the undiscounted cash flows related to operating leases as of December 31, 2022, along with a reconciliation to the discounted amount recorded in the combined statement of financial position. Minimum lease payments under non-cancellable leases due within the years ended December 31 were as follows:

2023	\$ 648,818
2024	376,804
2025	289,872
2026	213,715
2027	176,597
Thereafter	154,050
Total undiscounted cash flows	1,859,856
Impact of present value discount	(127,028)
Total operating lease liabilities	<u>\$ 1,732,828</u>

As of December 31, 2022, the weighted-average remaining lease term for all operating leases is 4.10 years. Because the Organizations generally do not have access to the rate implicit in the lease, the Organizations utilize their incremental borrowing rate as the discount rate. The weighted-average discount rate associated with operating leases as of December 31, 2022 is 3.43%.

Note 12. Forgivable Loan Program

The Ohio Department of Mental Health and Addiction Services (ODMHAS) holds an Open End Mortgage of the Parma intensive treatment center and multi-purpose facility. The 40-year, \$2,000,000 mortgage was entered into in July 1993. The mortgage bears no interest and requires no payments if the facility continues to be utilized for mental health services. In the event the facility is used for a purpose other than approved mental health service, as determined by ODMHAS, payments of \$529,167 would have been required at December 31, 2022.

**Catholic Charities Corporation and
Diocese of Cleveland Facilities Services Corporation and Subsidiary**

Notes to Combined Financial Statements (Continued)

Note 13. Notes Payable

In 2015, RM (a related party) began to identify, build and/or modify seven properties in the community to serve as homes for the individuals who lived at the main center, in anticipation of moving those individuals into the community based homes in 2016. To facilitate this process, CCHC entered into a loan agreement with a commercial bank to obtain up to \$3,000,000 in financing. Charities also entered into an agreement to guarantee the loan. This loan was amended on March 20, 2017 to extend the maturity date to March 1, 2027. Prior to the maturity date, interest is payable monthly until the maturity date. The loan accrues interest at the LIBOR rate plus 2.5%. Subsequent to December 31, 2022, the loan was amended to change the index rate index from the one-month LIBOR rate to the one-month secured overnight financing rate (SOFR) plus 3.6%. The outstanding balance of this loan was \$1,617,791 as of December 31, 2022.

CCHC has a second loan which has a maturity date of November 30, 2027 and carries interest at the LIBOR rate plus 2.5%. Subsequent to December 31, 2022, the loan was amended to change the interest rate index from the one-month LIBOR rate to the one-month secured overnight financing rate (SOFR) plus 2.62%. Charities has also entered into an agreement to guarantee this loan. The outstanding balance of this loan was \$2,536,237 as of December 31, 2022. As of December 31, 2022, CCHC has an interest rate swap agreement which fixes the interest rate for 50% of the second loan's outstanding balance at 2.69%. Subsequent to December 31, 2022, CCHC terminated the existing interest rate swap agreement and entered into two separate swap agreements which fixed the interest rates of the first and second loans at 2.98% and 3.78%, respectively, through their maturity dates.

Cash paid for principal and interest on long-term debt for the year ended December 31, 2022 was \$369,806 and \$184,074, respectively.

Aggregate principal payments on long-term debt for years subsequent to December 31, 2022 are as follows:

2023	\$ 369,806
2024	369,806
2025	369,806
2026	369,806
2027	<u>2,674,804</u>
	<u>\$ 4,154,028</u>

As a condition of the loans, the commercial bank required Charities to enter into a Guaranty of Payment. Under the terms of the agreement, Charities irrevocably and unconditionally covenants and agrees to be liable for the loan as the primary obligor. In the event of default by CCHC, Charities would be liable for repayment of the loan. The terms of the agreement also require Charities to maintain certain financial ratios. As of December 31, 2022, Charities was in compliance with the financial covenants required by the bank.

Note 14. Commitments and Contingencies

The Organizations operate in an environment subject to extensive federal and state laws, rules and regulations, including payment for services, conduct of operations and facility and professional licensure. Changes in law and regulatory interpretations could reduce the Organizations' revenue. The Organizations are, from time to time, subject to claims and suits for damages arising in the normal course of operations. In the opinion of management, the ultimate disposition of the claims and suits will not have a material adverse effect on the Organizations' operations or financial position.

**Catholic Charities Corporation and
Diocese of Cleveland Facilities Services Corporation and Subsidiary**

Notes to Combined Financial Statements (Continued)

Note 15. Impact of COVID-19 and Related Funding

On January 30, 2020, the World Health Organization declared the outbreak of the coronavirus disease 2019 (COVID-19) a global health emergency and subsequently declared the COVID-19 outbreak a global pandemic in March 2020. The pandemic adversely affected domestic and global activity throughout 2022 and the full impact continues to evolve as of the date of this report. While the Organization expects the effects of the pandemic to negatively impact the results of operations, cash flows and financial position into 2023, the related impact cannot be reasonably estimated at this time.

During the year ended December 31, 2022, Charities received \$183,018 in payments through the general and targeted distributions of the CARES Act Provider Relief Fund and the State of Ohio distributions of the Coronavirus Relief Funds. Charities recognized these payments as revenue included in governmental revenues in the combined statement of activities. Charities has asserted that it has met the conditions and restrictions outlined within the HHS and State of Ohio's published terms and conditions for the CARES Act as of December 31, 2022.

Supplementary Information

**Catholic Charities Corporation and
Diocese of Cleveland Facilities Services Corporation and Subsidiary**

**Details of Combined Statement of Financial Position
December 31, 2022**

	Annual Appeal	Parish and Pastoral	Migration and Refugee	Emergency Services	Social Action	Parma	Matt Talbot	Ashland	Prevent/Treat Cuyahoga	Family Services Cuyahoga	Help Me Grow	Geauga	Lake	Lorain	Medina	Summit	Wayne	Head Start	Administration	Facilities Corp	Eliminations	Total
Assets																						
Current assets:																						
Cash and cash equivalents:																						
Operating	\$ 6,696,080	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225	\$ -	\$ -	\$ 250	\$ -	\$ -	\$ 107	\$ -	\$ -	\$ 8,101	\$ -	\$ -	\$ 122,730	\$ 695,337	\$ -	\$ 7,522,830
Money markets	-	122,988	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	122,988
Total cash and cash equivalents	6,696,080	122,988	-	-	-	-	225	-	-	250	-	-	107	-	-	8,101	-	-	122,730	695,337	-	7,645,818
Accounts receivable, net	15,519	264,727	613,576	242,047	-	424,187	849,368	88,997	663,104	417,014	285,154	121,038	224,627	61,170	78,800	670,980	125,903	1,082,987	501,693	160,613	-	6,891,504
Prepaid expenses	-	8,359	-	-	-	-	5,714	8,441	-	-	-	-	-	-	-	7,922	-	59,145	265,699	-	-	355,280
Total current assets	6,711,599	396,074	613,576	242,047	-	424,187	855,307	97,438	663,104	417,264	285,154	121,038	224,734	61,170	78,800	687,003	125,903	1,142,132	890,122	855,950	-	14,892,602
Other assets:																						
Investments	8,402,944	39,675	-	-	-	-	-	-	-	-	-	-	-	-	-	156,603	-	-	33,141,829	-	-	41,741,051
Land held for future development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,500	-	-	21,500
Property and equipment, net	4,470	-	39,501	565,804	-	227,117	127,189	-	39,971	712,675	-	-	-	6,274	2,065	1,188,119	-	55,306	500,396	18,153,630	-	21,622,517
Right-of-use assets - operating	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,016,282	-	(6,304,674)	1,711,608
Beneficial interest in perpetual trusts	4,754,749	-	-	-	-	890,743	-	-	-	487,092	-	-	-	-	-	-	-	-	222,036	-	-	6,354,620
Interest rate swap asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47,708	-	47,708
Other	81,444	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,220	-	-	102,664
Total other assets	13,243,607	39,675	39,501	565,804	-	1,117,860	127,189	-	39,971	1,199,767	-	-	-	6,274	2,065	1,344,722	-	55,306.00	41,923,263	18,201,338	(6,304,674.00)	71,601,668
Total assets	\$ 19,955,206	\$ 435,749	\$ 653,077	\$ 807,851	\$ -	\$ 1,542,047	\$ 982,496	\$ 97,438	\$ 703,075	\$ 1,617,031	\$ 285,154	\$ 121,038	\$ 224,734	\$ 67,444	\$ 80,865	\$ 2,031,725	\$ 125,903	\$ 1,197,438	\$ 42,813,385	\$ 19,057,288	\$ (6,304,674)	\$ 86,494,270
Liabilities and Net Assets																		286,310				
Current liabilities:																						
Accounts payable	\$ 8,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,541	\$ 36	\$ -	\$ 26,727
Grants payable	-	-	-	-	18,432	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,432
Current portion of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	369,806	-	369,806
Accrued payroll and benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	574,340	-	-	574,340
Accrued expenses - other	350	-	-	-	-	729,133	-	-	400,307	9,513	-	-	-	-	-	-	-	-	1,444,826	257,541	-	2,841,670
Deferred revenue	-	614,409	-	-	-	-	-	-	-	-	-	-	-	-	16,369	-	-	-	-	-	-	630,778
Current portion of operating lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,783,786	-	(1,180,441)	603,345
Accrued postretirement benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	147,253	-	147,253
Total current liabilities	8,500	614,409	-	-	18,432	729,133	-	-	400,307	9,513	-	-	-	-	16,369	-	-	3,968,746	627,383	(1,180,441)	5,212,351	
Other liabilities:																						
Accrued postretirement benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,147,474	-	-	2,147,474
Accrued compensated absences	2,544	34,283	-	-	-	10,182	-	-	20,999	33,993	-	-	-	-	4,083	26,859	-	14,296	17,195	-	-	164,434
Long-term debt, net of current portion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,784,222	-	3,784,222
Operating lease liabilities, net of current portion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,253,716	-	(5,124,233)	1,129,483
Total other liabilities	2,544	34,283	-	-	18,432	10,182	-	-	20,999	33,993	-	-	-	-	4,083	26,859	-	14,296	8,418,385	3,784,222	(5,124,233)	7,225,613
Total liabilities	11,044	648,692	-	-	18,432	739,315	-	-	421,306	43,506	-	-	-	-	4,083	43,228	-	14,296	12,387,131	4,411,605	(6,304,674)	12,437,964
Net assets (deficit):																						
Without donor restrictions:																						
Undesignated	15,189,414	(847,149)	(85,725)	480,977	(42,129)	(212,243)	945,459	88,976	(13,281)	166,844	155,710	82,548	135,676	44,475	71,722	1,674,392	105,583	302,812	15,223,750	14,645,683	-	48,113,494
Board designated	-	122,988	-	-	-	-	-	-	-	-	-	-	-	-	-	156,603	-	-	10,282,248	-	-	10,561,839
Total without donor restrictions	15,189,414	(724,161)	(85,725)	480,977	(42,129)	(212,243)	945,459	88,976	(13,281)	166,844	155,710	82,548	135,676	44,475	71,722	1,830,995	105,583	302,812	25,505,998	14,645,683	-	58,675,333
With donor restrictions	4,754,748	511,218	738,802	326,874	23,697	1,014,975	37,037	8,462	295,050	1,406,681	129,444	38,490	89,058	22,969	5,060	157,502	20,320	880,330	4,920,256	-	-	15,380,973
Total net assets (deficit)	19,944,162	(212,943)	653,077	807,851	(18,432)	802,732	982,496	97,438	281,769	1,573,525	285,154	121,038	224,734	67,444	76,782	1,988,497	125,903	1,183,142	30,426,254	14,645,683	-	74,056,306
Total liabilities and net assets	\$ 19,955,206	\$ 435,749	\$ 653,077	\$ 807,851	\$ -	\$ 1,542,047	\$ 982,496	\$ 97,438	\$ 703,075	\$ 1,617,031	\$ 285,154	\$ 121,038	\$ 224,734	\$ 67,444	\$ 80,865	\$ 2,031,725	\$ 125,903	\$ 1,197,438	\$ 42,813,385	\$ 19,057,288	\$ (6,304,674)	\$ 86,494,270

**Catholic Charities Corporation and
Diocese of Cleveland Facilities Services Corporation and Subsidiary**

**Details of Combined Statement of Activities
Year Ended December 31, 2022**

	Annual Appeal	Parish and Pastoral	Migration and Refugee	Emergency Services	Social Action	Parma	Matt Talbot	Ashland	Prevent/Treat Cuyahoga	Family Services Cuyahoga	Help Me Grow	Geauga	Lake	Lorain	Medina	Summit	Wayne	Head Start	Administration	Facilities Corp	Eliminations	Total
Revenues and support:																						
Contributions:																						
Catholic Charities annual appeal	\$ 17,251,085	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,251,085
Other	9,530,880	326,581	1,048,605	794,027	58,812	314,802	14,609	20,573	338,622	959,589	195,931	109,507	165,751	34,512	20,859	671,626	110,465	1,195,053	286,628	-	-	16,197,432
Appeal distribution	(12,880,612)	776,376	85,687	2,354,223	324,358	101,306	-	108,088	365,082	1,165,295	111,153	78,962	99,846	257,785	141,649	92,729	37,960	-	6,780,113	-	-	-
Total contributions	13,901,353	1,102,957	1,134,292	3,148,250	383,170	416,108	14,609	128,661	703,704	2,124,884	307,084	188,469	265,597	292,297	162,508	764,355	148,425	1,195,053	7,066,741	-	-	33,448,517
Program fees	-	2,009,115	95,753	-	-	79,579	-	34,403	103,856	51,573	-	37,501	50,621	22,322	79,528	1,950,242	56,898	100,633	204	-	-	4,684,550
Governmental	-	31,886	3,887,658	248,209	-	1,053,069	3,897,730	687,516	2,865,059	1,553,635	1,053,494	424,892	476,456	330,756	432,654	1,111,400	827,182	6,755,296	20,766	-	-	25,657,658
Donated goods, facilities and services	-	-	-	112,500	-	-	-	-	-	11,773	-	-	-	-	-	-	-	160,891	-	-	-	285,164
United Way	-	-	-	101,784	-	10	345	81	8,694	1,490	-	771	1,897	6,465	545	14,528	2,324	47	920,408	-	-	1,059,389
Investment income, net	281,559	2,642	-	-	-	-	-	-	-	-	-	-	-	-	-	3,138	-	-	(102,096)	2,469	-	187,712
Special events, net	-	7,878	-	2,368	12,923	-	-	-	-	11,249	-	-	4,194	-	-	48,864	-	-	11,503	-	-	98,979
Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,652,591	(1,397,395)	1,255,196
Other	-	151,537	-	1,320	-	-	772	40	451	18,668	-	80	-	-	40	46,826	56	(19,608)	553,911	637,353	(158,278)	1,233,168
Total revenues and support	14,182,912	3,306,015	5,117,703	3,614,431	396,093	1,548,766	3,925,778	850,701	3,681,764	3,773,272	1,360,578	651,713	798,765	651,840	675,275	3,939,353	1,034,885	8,192,312	8,471,437	3,292,413	(1,555,673)	67,910,333
Expenses:																						
Salaries	-	917,985	2,226,400	1,282,972	275,758	760,193	2,995,076	582,023	2,668,099	1,728,279	917,102	400,356	539,689	449,869	507,007	2,182,028	663,234	4,512,772	4,511,439	831,352	-	28,951,633
Employee benefits	-	205,633	379,268	190,800	47,955	120,391	537,325	139,429	533,069	310,059	175,978	114,378	100,505	71,281	66,286	338,768	153,480	969,088	902,745	155,271	(125)	5,511,584
Payroll taxes	-	65,873	180,250	104,392	21,714	59,031	231,332	43,936	226,100	132,985	70,580	29,600	41,637	34,910	39,351	169,569	50,336	347,172	340,571	66,704	-	2,256,043
Total salaries and related expenses	-	1,189,491	2,785,918	1,578,164	345,427	939,615	3,763,733	765,388	3,427,268	2,171,323	1,163,660	544,334	681,831	556,060	612,644	2,690,365	867,050	5,829,032	5,754,755	1,053,327	(125)	36,719,260
Purchased services	2,142,496	620,304	598,959	32	-	14,645	122,687	-	286,774	162,844	1,652	(925)	28,807	-	-	55,585	50,705	65,071	454,340	261,000	(157,412)	4,707,564
Supplies	-	103,548	44,395	782,559	4,483	6,692	265,684	9,278	79,864	161,683	108,399	4,841	4,837	7,979	2,546	352,821	10,681	504,904	56,486	688	-	2,512,368
Telephone	-	26,205	28,843	20,803	2,182	13,052	22,498	10,052	42,420	63,530	14,368	10,701	10,392	14,256	3,750	32,636	15,514	31,484	117,017	20,127	-	499,830
Postage	-	4,917	49,797	342	1,078	2,096	580	415	456	1,095	429	1,134	1,466	21	205	6,442	213	367	18,592	114	-	89,759
Occupancy	-	606,373	144,383	559,351	32,750	34,531	822,560	40,969	353,095	536,471	36,615	45,371	49,509	37,200	25,103	277,780	29,585	692,963	253,769	1,363,279	(1,397,395)	4,544,262
Equipment and software	-	29,891	89,742	62,258	3,926	11,384	58,615	6,252	26,617	76,941	10,469	3,489	4,566	12,333	3,453	66,077	9,124	201,621	813,234	42,295	(741)	1,531,536
Printing and publications	-	12,376	-	788	236	1,002	123	1,711	1,121	3,921	94	794	391	231	198	4,117	1,713	8,095	11,653	259	-	48,823
Travel	-	45,708	96,507	15,986	3,071	20,846	21,198	9,478	39,614	157,332	27,769	18,491	1,481	12,338	1,766	77,391	17,114	132,344	29,933	30,704	-	759,071
Conferences and meetings	-	20,140	10,878	1,193	2,322	9,676	6,184	3,957	2,281	11,747	3,524	6,866	1,123	1,105	1,572	35,525	1,202	66,375	50,066	3,194	-	238,930
Special assistance	-	22,508	1,106,558	628,681	-	186,769	34,786	2,376	3,553	92,706	27,006	23,449	8,068	1,115	29,372	221,709	10,987	27,331	125	-	-	2,427,099
Organization and membership fees	-	3,881	10,364	4,378	438	1,850	1,100	-	13,910	167	4,724	250	-	44	119	1,362	225	5,488	111,654	680	-	160,634
Awards and grants	2,067,390	108,200	-	-	-	-	-	-	-	-	-	-	-	-	293	-	-	-	90,313	-	-	2,266,196
Miscellaneous	112,498	41,849	12,828	421	103	39,829	5,104	534	1,840	3,103	916	256	21,609	219	1,237	41,222	868	55,135	183,469	182,602	-	705,642
Depreciation and amortization	-	-	6,021	70,344	-	19,919	14,310	-	7,801	103,309	-	-	-	4,616	1,126	143,503	-	4,148	88,656	1,153,154	-	1,616,907
Total expenses	4,322,384	2,835,391	4,985,193	3,725,300	396,016	1,301,906	5,139,162	850,410	4,286,614	3,546,172	1,399,625	659,051	814,070	647,517	683,384	4,006,535	1,014,981	7,624,358	8,034,062	4,111,423	(1,555,673)	58,827,881
Change in net assets before non-operating activity																						
non-operating activity	9,860,528	470,624	132,510	(110,869)	77	246,860	(1,213,384)	291	(604,850)	227,100	(39,047)	(7,338)	(15,305)	4,323	(8,109)	(67,182)	19,904	567,954	437,375	(819,010)	-	9,082,452
Non-operating activity:																						
Investment loss, net	(297,293)	(7,037)	-	-	-	-	-	-	-	-	-	-	-	-	-	(27,775)	-	-	(5,063,737)	-	-	(5,395,842)
Change in value of beneficial interest in perpetual trusts	(1,484,529)	-	-	-	-	-	-	-	-	(107,023)	-	-	-	-	-	-	-	-	(65,024)	-	-	(1,656,576)
Postretirement benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	815,557	-	-	815,557
Total non-operating activity	(1,781,822)	(7,037)	-	-	-	-	-	-	-	(107,023)	-	-	-	-	-	(27,775)	-	-	(4,313,204)	-	-	(6,236,861)
Net asset transfers	77,763	(212,444)	37,183	272,450	(8,951)	(264,050)	1,007,187	26,212	451,645	(25,158)	97,187	28,044	98,610	20,348	33,690	531,534	(9,048)	(327,540)	(1,834,662)	-	-	-
Change in net assets	8,156,469	251,143	169,693	161,581	(8,874)	(17,190)	(206,197)	26,503	(153,205)	94,919	58,140	20,706	83,305	24,671	25,581	436,577	10,856	240,414	(5,710,491)	(819,010)	-	2,845,591
Net assets (deficit) – beginning	11,787,693	(464,086)	483,384	646,270	(9,558)	819,922	1,188,693	70,935	434,974	1,478,606	227,014	100,332	141,429	42,773	51,201	1,551,920	115,047	942,728	36,136,745	15,464,693	-	71,210,715
Net assets (deficit) – ending	\$ 19,944,162	\$ (212,943)	\$ 653,077	\$ 807,851	\$ (18,432)	\$ 802,732	\$ 982,496	\$ 97,438	\$ 281,769	\$ 1,573,525	\$ 285,154	\$ 121,038	\$ 224,734	\$ 67,444	\$ 76,782	\$ 1,988,497	\$ 125,903	\$ 1,183,142	\$ 30,426,254	\$ 14,645,683	\$ -	\$ 74,056,306

**Catholic Charities Corporation and
Diocese of Cleveland Facilities Services Corporation and Subsidiary**

**Details of Appropriations
Year Ended December 31, 2022**

	Annual Appeal	Foundation Investments	Total
Funds provided	\$ 15,870,130	\$ 1,380,955	\$ 17,251,085
Cost of contracted fundraising	(2,142,496)		(2,142,496)
Funds available for distribution	<u>\$ 13,727,634</u>	<u>\$ 1,380,955</u>	<u>\$ 15,108,589</u>
Health & Human Services Division			
Secretary for Catholic Charities	\$ 5,798,120	\$ 271,519	\$ 6,069,639
Bishop William Cosgrove Center	473,773		473,773
Diocesan Social Action Offices	324,358		324,358
Disabilities Services	269,824	72,920	342,744
Emergency Assistance Services	525,569	93,882	619,451
St. Elizabeth Center - Lorain	643,231		643,231
Migration and Refugee Services	85,687		85,687
Parish & Community Ministries	169,176		169,176
Pastoral Care/Health Affairs	212,400	394,800	607,200
St. Augustine Hunger Center	617,768		617,768
Total Health & Human Services Division	<u>9,119,906</u>	<u>833,121</u>	<u>9,953,027</u>
Treatment, Prevention & Recovery Division			
Catholic Charities - Cuyahoga	361,649		361,649
Hispanic Chemical Dependency Parma	3,433		3,433
	22,764	78,542	101,306
Total Prevention, Treatment & Recovery Division	<u>387,846</u>	<u>78,542</u>	<u>466,388</u>
Family Services Division			
Family Services - Central	168,026	25,000	193,026
Fatima Family Center	363,079	72,459	435,538
Hispanic Senior Center	197,691		197,691
Help Me Grow	70,079	41,074	111,153
St. Martin DePorres Family Center	465,842	8,033	473,875
St. Philip Neri Family Center	57,358	833	58,191
Total Family Services Division	<u>1,322,075</u>	<u>147,399</u>	<u>1,469,474</u>
Regional Services Division			
Community Services - Central	99,704	75,000	174,704
Catholic Charities - Ashland	108,088		108,088
Catholic Charities - Geauga	78,962		78,962
Catholic Charities - Lake	99,846		99,846
Catholic Charities - Lorain	257,785		257,785
Catholic Charities - Medina	132,181	9,468	141,649
Catholic Charities - Summit	70,535	22,194	92,729
Catholic Charities - Wayne	37,960		37,960
Total Regional Services Division	<u>885,061</u>	<u>106,662</u>	<u>991,723</u>
Total Catholic Charities Corporation	<u>11,714,888</u>	<u>1,165,724</u>	<u>12,880,612</u>
Rose-Mary Center	317,983	95,614	413,597
St. Augustine Manor	1,205,435	119,617	1,325,052
Other Allocations			
Birthcare of Medina	1,200		1,200
Birthright - Cuyahoga	3,600		3,600
Birthright - Geauga	1,200		1,200
Birthright - Lake	1,200		1,200
Birthright - Lorain	1,200		1,200
Diocesan Marriage and Family Ministries	250,472		250,472
Diocesan Youth and Young Adult Ministries	214,656		214,656
Embrace Care	900		900
St. Vincent DePaul Society	12,500		12,500
Womankind, Inc.	2,400		2,400
Total other allocations	<u>489,328</u>		<u>489,328</u>
	<u>\$ 13,727,634</u>	<u>\$ 1,380,955</u>	<u>\$ 15,108,589</u>