

Financial Statements and Report of  
Independent Certified Public  
Accountants

**Catholic Charities of Fairfield County, Inc.**

June 30, 2024 and 2023

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Directors of  
Catholic Charities of Fairfield County, Inc.

**Opinion**

We have audited the financial statements of Catholic Charities of Fairfield County, Inc. ("Catholic Charities"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Catholic Charities as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for opinion**

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Catholic Charities and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Catholic Charities' ability to continue as a going concern for one year after the date the financial statements are available to be issued.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or

error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS 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 US GAAS, 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 Catholic Charities' 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 Catholic Charities' 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.

*Grant Thornton LLP*

New York, New York  
February 5, 2025

**Catholic Charities of Fairfield County, Inc.**

**STATEMENTS OF FINANCIAL POSITION**

**As of June 30,**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,450,215	\$ 5,358,119
Investments held by others	635,704	558,906
Accounts receivable, net	498,602	689,080
Loans receivable, net	128,963	113,587
Contributions receivable	1,909,337	870,900
Grants receivable	830,878	578,932
Due from related parties	9,079	257,239
Prepaid expenses	143,608	126,340
Operating lease right-of-use assets	726,094	694,092
Property and equipment, net	5,052,227	2,880,017
Total assets	\$ 13,384,707	\$ 12,127,212
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 119,392	\$ 88,974
Accrued expenses	565,177	579,603
Refundable advances	531,802	478,907
Due to related parties	22,501	27,128
Operating lease obligations	748,982	722,353
Total liabilities	1,987,854	1,896,965
<b>Contingencies</b>		
<b>Net assets</b>		
Without donor restrictions	5,010,910	5,846,659
With donor restrictions	6,385,943	4,383,588
Total net assets	11,396,853	10,230,247
Total liabilities and net assets	\$ 13,384,707	\$ 12,127,212

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

Catholic Charities of Fairfield County, Inc.

STATEMENTS OF ACTIVITIES

Years ended June 30,

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and support</b>						
Federal and state grants	\$ 5,653,152	\$ -	\$ 5,653,152	\$ 5,975,665	\$ -	\$ 5,975,665
Bequests and contributions	1,391,289	2,486,713	3,878,002	1,401,223	2,639,552	4,040,775
Program service revenue	1,478,912	-	1,478,912	1,266,297	-	1,266,297
Annual Bishop's Appeal	494,052	-	494,052	500,207	-	500,207
Contributions of nonfinancial assets	813,471	-	813,471	815,342	-	815,342
Special events	1,853,960	-	1,853,960	1,518,301	-	1,518,301
Non-governmental grants	1,361,465	-	1,361,465	1,201,108	-	1,201,108
Other revenue	6,924	-	6,924	21,091	-	21,091
Total revenues and support before net assets released from restrictions	13,053,225	2,486,713	15,539,938	12,699,234	2,639,552	15,338,786
Net assets released from restrictions	479,197	(479,197)	-	1,584,126	(1,584,126)	-
Total revenues and support	13,532,422	2,007,516	15,539,938	14,283,360	1,055,426	15,338,786
<b>Expenses</b>						
Program services	12,038,770	-	12,038,770	11,227,714	-	11,227,714
Management and general	1,434,944	14,853	1,449,797	1,605,866	13,280	1,619,146
Development and fundraising	702,413	-	702,413	663,754	-	663,754
Total expenses	14,176,127	14,853	14,190,980	13,497,334	13,280	13,510,614
(Loss) income from operations before depreciation expense and nonoperating activities	(643,705)	1,992,663	1,348,958	786,026	1,042,146	1,828,172
Depreciation	434,509	-	434,509	243,175	-	243,175
(Loss) income from operations before nonoperating activities	(1,078,214)	1,992,663	914,449	542,851	1,042,146	1,584,997
<b>Nonoperating activities</b>						
Investment return, net	242,465	-	242,465	182,544	-	182,544
Family loan interest income	-	9,692	9,692	-	7,055	7,055
<b>CHANGE IN NET ASSETS</b>	(835,749)	2,002,355	1,166,606	725,395	1,049,201	1,774,596
<b>Net assets, beginning of year</b>	5,846,659	4,383,588	10,230,247	5,121,264	3,334,387	8,455,651
<b>Net assets, end of year</b>	\$ 5,010,910	\$ 6,385,943	\$ 11,396,853	\$ 5,846,659	\$ 4,383,588	\$ 10,230,247

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

Catholic Charities of Fairfield County, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2024

	Program Services					Total	Management and General	Development and Fundraising	Total
	Nutrition	Behavioral Health	Family	Community Support	Housing				
Compensation and benefits	\$ 2,458,823	\$ 705,814	\$ 1,850,188	\$ 1,817,264	\$ 721,126	\$ 7,553,215	\$ 943,797	\$ 359,185	\$ 8,856,197
Client support	1,308,663	851	26,133	76,383	15,455	1,427,485	-	-	1,427,485
Professional fees and contractual services	119,252	174,158	11,052	110,000	76,904	491,366	273,554	27,580	792,500
Occupancy	411,669	62,366	215,635	215,442	147,924	1,053,036	40,073	11,400	1,104,509
Office	184,518	201,646	73,457	95,673	27,433	582,727	139,906	32,150	754,783
Travel, meetings and conferences	57,469	5,313	9,414	35,809	9,465	117,470	12,187	7,655	137,312
In-kind expense	791,521	-	21,950	-	-	813,471	-	-	813,471
Special events	-	-	-	-	-	-	-	264,443	264,443
Bad debt expense	-	-	-	-	-	-	40,280	-	40,280
Total expenses before depreciation	5,331,915	1,150,148	2,207,829	2,350,571	998,307	12,038,770	1,449,797	702,413	14,190,980
Depreciation	372,415	194	23,815	9,575	25,769	431,768	2,741	-	434,509
Total expenses	<u>\$ 5,704,330</u>	<u>\$ 1,150,342</u>	<u>\$ 2,231,644</u>	<u>\$ 2,360,146</u>	<u>\$ 1,024,076</u>	<u>\$ 12,470,538</u>	<u>\$ 1,452,538</u>	<u>\$ 702,413</u>	<u>\$ 14,625,489</u>

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

Catholic Charities of Fairfield County, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2023

	Program Services					Total	Management and General	Development and Fundraising	Total
	Nutrition	Behavioral Health	Family	Community Support	Housing				
Compensation and benefits	\$ 2,126,377	\$ 684,479	\$ 1,854,376	\$ 1,825,236	\$ 779,040	\$ 7,269,508	\$ 1,038,407	\$ 351,244	\$ 8,659,159
Client support	1,060,637	1,979	25,016	52,352	148,676	1,288,660	-	-	1,288,660
Professional fees and contractual services	120,497	108,404	9,130	123,799	30,658	392,488	348,397	15,080	755,965
Occupancy	336,406	61,512	221,825	214,168	132,039	965,950	26,195	11,203	1,003,348
Office	132,566	50,293	72,440	76,732	29,406	361,437	164,963	31,665	558,065
Travel, meetings and conferences	67,292	1,725	10,390	35,106	19,816	134,329	3,964	4,633	142,926
In-kind expense	814,749	-	-	593	-	815,342	-	-	815,342
Special events	-	-	-	-	-	-	-	249,929	249,929
Bad debt expense	-	-	-	-	-	-	37,220	-	37,220
Total expenses before depreciation	4,658,524	908,392	2,193,177	2,327,986	1,139,635	11,227,714	1,619,146	663,754	13,510,614
Depreciation	188,344	194	21,042	7,436	24,155	241,171	2,004	-	243,175
Total expenses	<u>\$ 4,846,868</u>	<u>\$ 908,586</u>	<u>\$ 2,214,219</u>	<u>\$ 2,335,422</u>	<u>\$ 1,163,790</u>	<u>\$ 11,468,885</u>	<u>\$ 1,621,150</u>	<u>\$ 663,754</u>	<u>\$ 13,753,789</u>

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



**Catholic Charities of Fairfield County, Inc.**

**STATEMENTS OF CASH FLOWS**

Years ended June 30,

	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 1,166,606	\$ 1,774,596
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	434,509	243,175
Amortization of operating lease right-of-use assets	325,652	431,388
Bad debt expense	40,280	37,220
Realized and unrealized gain on investments	(76,798)	(40,389)
Changes in operating assets and liabilities:		
Accounts receivable	165,051	(253,935)
Contributions receivable	(1,038,437)	(450,900)
Bequests receivable	-	120,664
Grants receivable	(251,946)	(147,820)
Due from related parties	248,160	(181,964)
Prepaid expenses	(17,268)	2,770
Accounts payable	30,419	(52,516)
Accrued expenses	(14,426)	138,296
Refundable advances	52,895	165,330
Due to related parties	(4,627)	-
Operating lease obligations	(331,025)	(462,063)
	729,045	1,323,852
<b>Net cash provided by operating activities</b>		
<b>Cash flows from investing activities:</b>		
Purchase of investments	-	(18,517)
Purchase of property and equipment	(2,606,719)	(1,095,529)
Change in loans receivable	(30,230)	(66,398)
	(2,636,949)	(1,180,444)
<b>Net cash used in investing activities</b>		
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(1,907,904)	143,408
<b>Cash and cash equivalents, beginning of year</b>	5,358,119	5,214,711
<b>Cash and cash equivalents, end of year</b>	\$ 3,450,215	\$ 5,358,119
<b>Supplemental disclosure of cash flow information:</b>		
Right-of-use assets acquired under operating leases	\$ 357,654	\$ -

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

**Catholic Charities of Fairfield County, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**NOTE 1 - ORGANIZATION**

Catholic Charities of Fairfield County, Inc. ("CCFC") is a not-for-profit, non-stock corporation organized under the laws of the State of Connecticut in April 1955 by the Bridgeport Roman Catholic Diocesan Corporation (the "Diocese"). The members of CCFC are the Bishop, the Vicar(s) General, the Chancellor of the Diocese, the President of CCFC, and such other members appointed by the Bishop. No less than six members are appointed. CCFC has a Board of Directors consisting of those members and up to nineteen lay people. The mission of CCFC is to put faith into action by providing food, housing, mental health, adoption, immigration and family support services to the needy and vulnerable of all faiths in Fairfield County, Connecticut.

***Program Services***

Catholic Charities provides the following services:

Nutrition

Food services include two of the State of Connecticut's largest food cafes/soup kitchens serving the homeless and working poor, a mobile breakfast program, food pantries, and a congregate and home delivered meal program for homebound elderly.

Behavioral Health

Behavioral health services provide family and individual counseling throughout Fairfield County, Connecticut. CCFC provides affordable and accessible mental health services to economically disadvantaged individuals and families. Behavioral health services have district offices in Danbury and Norwalk, Connecticut.

Family

Family services provide school readiness for children who would otherwise not receive pre-school preparation, through the Room to Grow Early Childhood Education Center, as well as a full array of Family Directional services including adoption and pregnancy outreach activities. Immigration Services provide affordable counseling and legal assistance to immigrant families regardless of race, religion, or economic status and is accredited by the U.S. Department of Justice to meet a broad spectrum of challenges normally faced by families new to the United States.

Community Support

The Community Support services program provides assistance, training, counseling and family support services to individuals and families who are chronically homeless or dealing with substance abuse or mental health issues. Additionally, Community Support includes a Family Loan Program that helps working parents obtain small bank loans to prevent loss of employment.

Housing

Housing services programs provide rental assistance and support services to formerly homeless families and individuals who have documented disabilities. The support services assist these families and individuals with life skills as they move towards self-sufficiency. Housing programs consist of a network of both transitional and permanent housing.

**Catholic Charities of Fairfield County, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, the classification of Catholic Charities' net assets and its revenues, support, and expenses are based on the existence or absence of donor-imposed restrictions.

***Classifications of Net Assets***

Catholic Charities reports its net assets and changes therein based on the existence or absence of donor-imposed restrictions as follows:

*Net Assets Without Donor Restrictions* - consist of resources available for the general support of Catholic Charities' operations, which may be used at the discretion of management.

*Net Assets With Donor Restrictions* - net assets subject to the following donor-imposed stipulations:

Some donor restrictions are temporary in nature, and either expire with the passage of time or can be fulfilled by the actions of Catholic Charities pursuant to those stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. However, when restrictions on donor-restricted contributions and investment return are met in the same accounting period, such amounts are reported as part of net assets without donor restrictions.

Other donor restrictions consist of funds that are subject to donor-imposed restrictions of gift instruments requiring that the principal be invested in perpetuity and the income be used for specific or general purposes. Contributions received pertaining to the Family Loan Program plus interest income generated from these loans function as a revolving loan pool and are restricted in perpetuity and reported as net assets with donor restrictions within the statements of financial position. Reserves for credit losses on loans under this program reduce the net assets with donor restrictions.

***Cash and Cash Equivalents***

Catholic Charities considers all highly liquid investments with original maturities of less than 90 days from the date of purchase to be cash equivalents.

***Fair Value Measurement***

Catholic Charities follows guidance that defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

**Catholic Charities of Fairfield County, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

Observable inputs are inputs that market participants would use in pricing the respective asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is categorized into three levels based on the transparency of inputs as follows:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.
- Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.
- Level 3 - Securities that have little to no pricing observability as of the report date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the reporting entity. Catholic Charities considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to Catholic Charities' perceived risk of that instrument.

Catholic Charities' policy is to recognize transfers in and transfers out of levels at the end of the reporting period.

***Investments Held by Others***

Catholic Charities' investments are held by Foundations in Charity, a related party, on their behalf and in a separate account. Investments are comprised of publicly traded mutual funds and are recorded at fair market value generally determined on the basis of quoted market prices. Interest and dividends are recognized as earned. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations. As of June 30, 2024 and 2023, all the Catholic Charities' investments were classified as Level 1 within the fair value hierarchy.

***Accounts Receivable***

Accounts receivable consists of payments owed on program service and other revenues. Catholic Charities generally does not require collateral or other security in providing health care and other services to clients. However, Catholic Charities routinely obtains assignment of clients' benefits payable under their health care insurance programs, plans or policies. Because of the uncertainty surrounding collection, management provides an reserve for credit losses based on consideration of the type of receivable, responsible party, credit history, and comparative aging. Accounts receivable balances are written off when management has determined that all reasonable methods of collection have been exhausted. Any payments subsequently

**Catholic Charities of Fairfield County, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

received on such receivables are recorded as income in the period received. As of June 30, 2024 and 2023, Catholic Charities recorded an reserve for credit losses of \$0 and \$63,063, respectively.

***Property and Equipment***

Property acquisitions and improvements are stated at cost, or in the case of donations, at fair value as determined on the date of gift. Additions and improvements that exceed \$2,500 and with useful lives greater than three years are capitalized and depreciated on a straight-line basis over the following estimated useful lives:

Buildings	30 - 40 years
Furniture and fixtures	3 - 10 years
Automobiles	3 - 5 years
Computer equipment	3 - 5 years

Land and building improvements are amortized over the estimated useful lives of the improvements or the term of the leases to which they pertain, whichever is shorter. Repairs and maintenance are charged to expense as incurred.

***Leases***

Catholic Charities determines if an arrangement contains a lease at inception based on whether there is an identified asset and whether Catholic Charities controls the use of the identified asset throughout the period of use. Catholic Charities classifies leases as either financing or operating. Right-of-use ("ROU") assets are recognized at the lease commencement date and represent Catholic Charities' right to use an underlying asset for the lease term and lease liabilities represent Catholic Charities' obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. Present value of lease payments is discounted based on the risk-free rate. Expenses related to leases determined to be operating leases are recognized on a straight-line basis, while those determined to be finance leases are recognized following a front-loaded expense pattern in which interest and amortization are presented separately in the income statement. Operating leases are presented separately as operating lease ROU assets and operating lease liabilities in the statement of financial position. Catholic Charities does not have any financing leases.

***Revenue Recognition***

Catholic Charities follows guidance whereby revenue is recognized when control of the promised goods or services are transferred to Catholic Charities customers in an amount that reflects the consideration Catholic Charities expects to be entitled to in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. Catholic Charities has identified all program service revenue as the primary revenue category subject to this guidance.

Payments received in advance of Catholic Charities satisfying its performance obligations are recorded within refundable advances in the statements of financial position. The changes in refundable advances were caused by normal timing differences between the satisfaction of performance obligations and customer payments. Catholic Charities contracts with customers generally contain terms that are less than one year. Accordingly, Catholic Charities elected the practical expedients to not disclose the information regarding the remaining performance obligations for contracts with customers.

**Catholic Charities of Fairfield County, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

***Bequests, Contributions and Special Events***

Catholic Charities recognizes revenue from bequests, contributions, Annual Bishop's Appeal and special events in accordance with guidance requiring Catholic Charities to evaluate whether (1) transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions, and (2) determining whether a contribution is conditional.

Contributions, including unconditional promises to give, are reported as revenues in the period received. Unconditional promises to give that are expected to be received after one year are discounted to reflect the present value of future cash flows using a credit adjusted discount rate assigned in the year the respective pledge originates. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. An allowance for uncollectible contributions receivable is provided in the net asset class in which the contribution receivable resides based on an assessment of the creditworthiness of the respective donor. Contributions are written off when determined to be uncollectible. Based on management's history with donors having outstanding balances, Catholic Charities has concluded that a reserve is not deemed necessary at June 30, 2024 and 2023. Conditional promises to give are recognized when the conditions on which they depend are met.

Intentions to give under various wills and trust agreements are recorded as bequests receivable when Catholic Charities has an irrevocable right to the bequest and the proceeds are measurable.

Revenues and expenses related to special events are recognized upon occurrence of the respective event.

***Contributions of Nonfinancial Assets***

Contributed services are recognized in the financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. General volunteer services do not meet this criterion for recognition.

Contributed goods and services for the years ended June 30, 2024 and 2023 consisted of donated space for the Senior Nutrition programs and food, and other programmatic supplies for the nutrition and family program services.

Donated space is recorded at its estimated fair values based on current rates for the use of similar space and recognized as in-kind contributions, with a corresponding expense over the period the space is utilized. The estimated fair values of donated food, clothing, toys and supplies are typically provided by the provider and represent the face value or fair value on the date of receipt. These items are recognized as in-kind contributions, with a corresponding expense, as they are used. Catholic Charities does not monetize such nonfinancial assets. All such assets were utilized in the appropriate programmatic activity in the same year in which they were received, and therefore reported as net assets without donor restrictions.

Catholic Charities has recorded the estimated fair value of donated property and services as follows for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Donated nutrition program space	\$ 206,829	\$ 264,905
Donated food and other programmatic supplies for nutrition programs	584,692	550,437
Donated family program services	<u>21,950</u>	<u>-</u>
	<u>\$ 813,471</u>	<u>\$ 815,342</u>

**Catholic Charities of Fairfield County, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

***Governmental and Non-Governmental Grants***

Grant revenue is recognized to the extent that allowable program expenditures have been incurred in accordance with the terms of the related agreement to which they pertain. Non-governmental grant revenue is recognized to the extent that allowable expenditures have been incurred or restrictions satisfied in accordance with the terms of the related agreements to which they pertain. Based on management's history with government and non-governmental entities, the receivable reserve was \$20,837 and \$5,808 at June 30, 2024 and 2023, respectively.

***Program Services Revenue***

Program services revenue is recognized when services are provided. Catholic Charities bills for services and recognizes revenue using a sliding fee scale based on patient family income levels.

Program services revenue consisted of the following for the years ended June 30, 2024 and 2023:

	2024	2023
Nutrition	\$ 273,007	\$ 165,273
Behavioral health	583,388	558,255
Family	532,411	479,144
Community	7,096	2,495
Housing	83,010	61,130
	\$ 1,478,912	\$ 1,266,297

***Refundable Advances***

Amounts from grants, contracts and other funds for related program services received in advance of satisfying the respective performance obligation are reflected as refundable advances in the statements of financial position and are subsequently reflected in the statements of activities during the period to which they apply as the funds are expended and earned.

***Functional Expense Allocation***

Expenses are charged directly to Catholic Charities program services, management and general, and development and fundraising, and are based on specific identification to the extent practicable. Expenses related to more than one function have been allocated using consistent methodologies determined by management, amongst the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with a specific function but provide for the overall support and direction of Catholic Charities.

***Operating Measure***

Catholic Charities classifies its statements of activities into operating and non-operating activities. Operating activities principally include all income and expenses related to carrying out Catholic Charities' mission, including interest and dividends from Catholic Charities operations. Non-operating activities include interest and dividends, realized and unrealized return (losses) on investments and other activities considered to be of a more unusual or nonrecurring nature, if any.

**Catholic Charities of Fairfield County, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

***Use of Estimates***

The preparation of the financial statements in conformity with U.S. GAAP 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 statement of financial position and the reported amounts of revenues and expenses during the reporting period. The most significant management judgments and estimates used in the preparation of the accompanying financial statements relate to the determination of depreciation expense, reserves for credit losses related to receivables and the value of in-kind contributions. Actual results could differ from those estimates.

***Concentration of Market and Credit Risks***

Cash, cash equivalents and investments-other are exposed to interest rate, market, and credit risks. Catholic Charities maintains its cash and cash equivalents in various bank deposit accounts that, at times, may exceed federally insured limits. To minimize risk, Catholic Charities' cash accounts are placed with high-credit quality financial institutions. Catholic Charities regularly evaluates its deposit arrangements and investments, including performance thereof.

Catholic Charities receives a significant portion of its funding from federal and state grants. As with all grants, there is a risk that future grants will be reduced or eliminated. A significant reduction in grant funding would have a significant impact on Catholic Charities' program services. However, no such reductions have been communicated by sponsors or are otherwise known at present.

***Income Taxes***

Catholic Charities recognizes an individual tax position in its financial statements based upon whether the tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Catholic Charities has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it has nexus; and to review other matters that may be considered tax positions. As of June 30, 2024 and 2023, management has determined that Catholic Charities has no material uncertain tax positions that would require recognition or disclosure in its financial statements.

In an annually updated ruling, the Internal Revenue Service has held that agencies, instrumentalities and educational, charitable, and religious institutions operated, supervised, or controlled by or in connection with the Roman Catholic Church in the United States, its territories or possessions appearing in "The Official Catholic Directory" are exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. Catholic Charities is listed in "the Official Catholic Directory" and therefore is exempt from income tax. Accordingly, the accompanying financial statements reflect no provision for income taxes.

***Liquidity and Availability***

Catholic Charities' working capital and cash flows have cyclical variations during the year attributable to the cash receipts for contributions, federal and state grant distributions and Diocesan allocations from the Annual Bishop's Appeal.

***Reclassifications***

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. These reclassifications have no effect on previously reported net assets or change in net assets.



**Catholic Charities of Fairfield County, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

Total financial assets available to meet cash needs for general expenditures within one year at June 30, 2024 and 2023 are as follows:

	2024	2023
Cash and cash equivalents	\$ 3,450,215	\$ 5,358,119
Investments	635,704	558,906
Accounts receivable, net due within one year	498,602	680,818
Loans receivable, net due within one year	54,190	71,373
Contributions receivable due within one year	1,211,947	558,400
Grants receivable	830,878	587,194
Due from related entities, net	9,079	257,239
Financial assets as of fiscal year end	6,690,615	8,072,049
Less: amounts unavailable for general expenditures due to time and purpose restrictions	(6,385,943)	(4,383,588)
Financial assets as of fiscal year end available to meet needs for general expenditures	\$ 304,672	\$ 3,688,461

**Recently Adopted Accounting Policies**

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326)*. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including accounts receivable. It does not apply to contributions and deferred gifts receivable. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an reserve for credit losses. Catholic Charities adopted this standard in fiscal 2024 and it did not have a material impact on the consolidated financial statements.

**Subsequent Events**

Catholic Charities evaluated its June 30, 2024 financial statements for subsequent events through February 5, 2025, the date the financial statements were available to be issued. Catholic Charities is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements.

**Catholic Charities of Fairfield County, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

**NOTE 3 - LOANS RECEIVABLE**

The Family Loan Program assists working parents in obtaining loans to prevent the loss of employment. The Family Loan Program is structured as a revolving loan pool providing loans which can only be used for the purchase of a used car for transportation to and from work, car repairs, or the security deposit for an apartment in the greater Danbury and lower Fairfield County areas. All loans have an interest rate ranging between 5.50% and 6.99% (regardless of credit score) and are funded from a pool of funds donated by local banks. Loans receivables, totaling \$128,963 and \$113,587, are shown net of a reserve for credit losses of \$32,241 and \$28,397 as of June 30, 2024 and 2023, respectively. Additionally, \$309,673 and \$332,666 is included in cash and cash equivalents as of June 30, 2024 and 2023, respectively, restricted to the Family Loan Program.

**NOTE 4 - CONTRIBUTIONS RECEIVABLE**

Contributions receivable, at June 30, 2024 and 2023 were expected to be collected as follows:

	2024	2023
Amounts expected to be collected in:		
Less than one year	\$ 1,211,947	\$ 558,400
One to three years	697,390	312,500
	\$ 1,909,337	\$ 870,900

**NOTE 5 - PROPERTY AND EQUIPMENT, NET**

Property and equipment, net, consisted of the following at June 30:

	2024	2023
Buildings	\$ 1,603,287	\$ 672,480
Furniture and fixtures	569,081	387,535
Automobiles	683,684	599,171
Computer equipment	73,913	66,076
Building improvements	5,764,948	2,500,633
Land improvements	19,075	19,075
	8,713,988	4,244,970
Less: accumulated depreciation	(3,819,011)	(3,384,502)
	4,894,977	860,468
Construction in progress	-	1,862,299
Land	157,250	157,250
	\$ 5,052,227	\$ 2,880,017

Depreciation expense for the years ended June 30, 2024 and 2023 totaled \$434,509 and \$243,175, respectively.

**Catholic Charities of Fairfield County, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

On January 26, 2022, Catholic Charities used assets restricted to the Thomas Merton Family Center to purchase a building in Bridgeport, Connecticut to serve as the new location for the Center. Major construction to remodel the building began on February 1, 2023. The original cost of the building and construction costs incurred was recorded as construction in progress as of June 30, 2023. The building was placed in service and services commenced at the new Thomas Merton Family Center under a temporary Certificate of Occupancy in December 2023. A final Certificate of Occupancy was received March 20, 2024.

**NOTE 6 - DEFINED CONTRIBUTION PLANS**

Catholic Charities participates in the Diocese-maintained defined-contribution 401(a) thrift plan covering all lay employees of Catholic Charities working at least 30 hours per week who meet the eligibility requirements of one year of service and 21 years of age. Contributions are based on years of service at rates of 3% and 5% after the one-year eligibility period. Catholic Charities' contributions to the plan on behalf of eligible employees totaled approximately \$238,000 and \$223,000 for the years ended June 30, 2024 and 2023, respectively.

Catholic Charities also provides for a non-contributory 403(b) salary reduction plan for all employees who wish to participate. Catholic Charities does not make employer contributions to the 403(b) plan.

As of May 1, 2024, the 403(b) Tax-Deferred Annuity Plan of the Diocese was amended and restated, which merged the 401(a) Retirement Plan for Employees of the Diocese into this plan. Employee 401(a) balances were transferred into the 403(b) plan subsequent to May 1, 2024 and became fully vested. As of May 1, 2024, all employer contributions on behalf of eligible employees and employee tax deferred funds are contributed into the amended and restated 403(b) Tax-Deferred Annuity Plan.

**NOTE 7 - RELATED-PARTY TRANSACTIONS**

Catholic Charities receives contributions from the Annual Bishop's Appeal of the Diocese to fund its operations, as well as proceeds from special collections conducted by parishes of the Diocese. Amounts due from the Diocese totaled \$9,079 and \$157,239 as of June 30, 2024 and 2023, respectively. Catholic Charities also received contributions of \$171,143 and \$100,000 during the years ended June 30, 2024 and 2023, respectively, from Foundations in Charity.

Additionally, Catholic Charities provides services to Diocesan entities consisting primarily of social services to clergy and to its Catholic schools. During the fiscal years ended June 30, 2024 and 2023, revenue earned from social services provided to Diocesan entities, and included in behavioral health services program revenue, totaled approximately \$1,400 and \$975, respectively.

Catholic Charities participates in employee benefit and insurance programs sponsored by the Diocese for all Diocesan entities and the Diocese provides various services and office space to Catholic Charities. Expenses for these programs and services were as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Employee benefit and insurance programs	\$ 1,397,430	\$ 1,363,250
Support services	193,968	193,968
Office space and related services	<u>74,328</u>	<u>74,328</u>
	<u>\$ 1,665,726</u>	<u>\$ 1,631,546</u>

**Catholic Charities of Fairfield County, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

**NOTE 8 - LEASES**

Catholic Charities leases various office equipment, facilities and vehicles under operating leases, which expire at various dates through August 2029. The operating lease cost for leased office space for the years ended June 30, 2024 and 2023 totaled \$578,338 and \$563,598, respectively, including \$287,865 and \$148,523, for short-term leases that are expensed as paid. Operating lease cost is included under occupancy expenses on the statement of functional expenses. The operating lease cost for leased copiers for the years ended June 30, 2024 and 2023 totaled \$17,244 and \$29,436, respectively, and is included under office expenses on the accompanying statements of functional expenses. The operating lease cost for leased vehicles for the years ended June 30, 2024 and 2023 totaled \$10,781 and \$13,392, respectively, and is included under travel, meetings and conferences on the accompanying statements of functional expenses. The operating lease cost for postage meters for the years ended June 30, 2024 and 2023 totaled \$1,514 and \$1,103, respectively, and is included under office expenses on the accompanying statements of functional expenses.

Supplemental cash flow information related to leases for the year ended June 30, is as follows:

	2024	2023
Operating cash flows from operating leases:		
Cash paid for amounts included in the measurement of lease liabilities	\$ 362,319	\$ 486,011

The following table represents the weighted-average remaining lease term and discount rate as of June 30:

	2024	2023
Weighted-average remaining lease term (expressed in years)	3.30	2.79
Weighted-average discount rate	3.49%	2.87%

Future undiscounted lease payments for Catholic Charities' operating lease liabilities are as follows as of June 30, 2024:

Years Ending June 30:	
2025	\$ 287,736
2026	210,488
2027	149,218
2028	90,174
2029	49,282
Total minimum lease payments	786,898
Less: imputed interest	(37,916)
Present value of future minimum lease payments	\$ 748,982

Future rental commitments pertaining to other real estate are related to programs held at various sites throughout the State of Connecticut.

In addition to the leases described above, Catholic Charities also has certain other operating leases that operate on a month-to-month basis.

**Catholic Charities of Fairfield County, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

**NOTE 9 - CONTINGENCIES**

Catholic Charities receives funding in the form of state and federal grant programs, Medicaid and Medicare reimbursements. In accordance with the terms of certain government grants and contracts, the records of Catholic Charities are subject to further review and audit by the granting agencies and Medicaid and Medicare after the date of final payment of the contracts. Such reviews and audits may result in Catholic Charities incurring disallowances or other liabilities to the grantors. At June 30, 2024 and 2023, there are no known liabilities in connection with such reviews. It is the opinion of management, however, that disallowances or other liabilities, if any, will not have a material adverse effect on the accompanying financial statements.

Catholic Charities, in the normal course of its operations, is a party to various legal proceedings and complaints, some of which are covered by insurance. While it is not feasible to predict the ultimate outcomes of such matters, management of Catholic Charities is not aware of any claims or contingencies which are not covered by insurance that would have a material adverse effect on Catholic Charities' financial position, changes in net assets or cash flows.

**NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS**

Restricted net assets consisted of the following at June 30:

	2024	2023
Time restrictions	\$ 1,909,337	\$ 870,900
Purpose restrictions:		
Thomas Merton Center	3,137,566	2,194,708
New Covenant Center	563,346	587,171
Senior Nutrition	232,447	233,912
Room to Grow	20,717	3,600
Education Assistance Fund	30,426	30,426
Other	53,467	19,073
Held in perpetuity:		
Family Loan Program	438,637	443,798
Total net assets with donor restrictions	\$ 6,385,943	\$ 4,383,588

**Catholic Charities of Fairfield County, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

Net assets were released from restrictions by incurring expenses satisfying the following donor-stipulated purpose or time restrictions for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Time restrictions	\$ 75,000	\$ 75,000
Purpose restrictions:		
Thomas Merton Center	266,400	1,101,690
Room to Grow	89,883	146,149
New Covenant Center	34,325	144,523
Senior Nutrition	1,465	62,508
Other	12,124	49,256
Immigration services	<u>-</u>	<u>5,000</u>
Total net assets released from restrictions	<u>\$ 479,197</u>	<u>\$ 1,584,126</u>