

**CATHOLIC SOCIAL SERVICES  
OF MONTGOMERY  
FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**



Catholic Social Services of Montgomery  
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June 30, 2021 and 2020

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## INDEPENDENT AUDITORS' REPORT

To the Most Reverend Thomas J. Rodi  
Archbishop of Mobile  
Catholic Social Services of Montgomery

We have audited the accompanying financial statements of Catholic Social Services of Montgomery, an affiliate of the Archdiocese of Mobile, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional revenues and expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

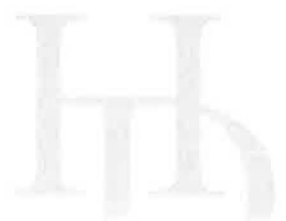
## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Social Services of Montgomery as of June 30, 2021 and 2020 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.

*Haynes Downard LLP*

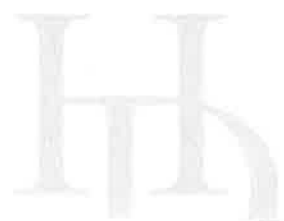
Haynes Downard LLP  
Birmingham, Alabama

November 5, 2021



**STATEMENTS OF FINANCIAL POSITION  
CATHOLIC SOCIAL SERVICES OF MONTGOMERY  
JUNE 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 170,235	\$ 654,626
Investment assets held by others	633,146	517,651
Accounts receivable	2,061	4,421
Prepaid expenses	2,310	25
Other assets	5,190	5,190
Property and equipment, net	260,122	280,278
Beneficial interest in trust	177,975	169,518
	<b>\$ 1,251,039</b>	<b>\$ 1,631,709</b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 9,132	\$ 8,514
Accrued salaries payable	9,888	8,451
Accrued compensated absences	4,493	5,486
	<b>23,513</b>	<b>22,451</b>
<b>Net Assets</b>		
Without donor restrictions	1,016,273	1,395,696
With donor restrictions	211,253	213,562
	<b>1,227,526</b>	<b>1,609,258</b>
<b>Total Net Assets</b>	<b>\$ 1,251,039</b>	<b>\$ 1,631,709</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,251,039</b>	<b>\$ 1,631,709</b>



**STATEMENT OF ACTIVITIES  
CATHOLIC SOCIAL SERVICES OF MONTGOMERY  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue and Other Support</b>			
Catholic Charities	\$ 285,000	\$ -	\$ 285,000
St. Margaret's Trust	170,399	-	170,399
United Way allocation	44,247	-	44,247
Noncash donations	16,906	-	16,906
Contributions	108,910	-	108,910
Bequests	-	-	-
Change in value - beneficial interest in trust	-	8,457	8,457
Change in value - investment assets held by others	118,911	-	118,911
Fundraising revenue	49,737	-	49,737
Grants	-	16,500	16,500
Immigration income	-	-	-
Gain on disposal of property and equipment	-	-	-
Thrift shop sales	49,094	-	49,094
<b>Total Revenue and Other Support</b>	<b>843,204</b>	<b>24,957</b>	<b>868,161</b>
<b>Net Assets Released from Restrictions</b>	<b>27,266</b>	<b>(27,266)</b>	<b>-</b>
<b>Expenses</b>			
Program services	653,286	-	653,286
Management and general	126,592	-	126,592
Fundraising	20,265	-	20,265
<b>Total Expenses</b>	<b>800,143</b>	<b>-</b>	<b>800,143</b>
Change in Net Assets before Transfers	70,327	(2,309)	68,018
Transfer to Archdiocese	(449,750)	-	(449,750)
<b>Change in Net Assets</b>	<b>(379,423)</b>	<b>(2,309)</b>	<b>(381,732)</b>
Net assets, beginning of year	1,395,696	213,562	1,609,258
Net assets, end of year	<u>\$ 1,016,273</u>	<u>\$ 211,253</u>	<u>\$ 1,227,526</u>



**STATEMENT OF ACTIVITIES  
CATHOLIC SOCIAL SERVICES OF MONTGOMERY  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue and Other Support</b>			
Catholic Charities	\$ 280,000	\$ -	\$ 280,000
St. Margaret's Trust	205,000	-	205,000
United Way allocation	65,711	-	65,711
Noncash donations	28,987	-	28,987
Contributions	85,506	-	85,506
Bequests	484,293	-	484,293
Change in value - beneficial interest in trust	-	3,713	3,713
Change in value - investment assets held by others	34,164	-	34,164
Fundraising revenue	64,202	-	64,202
Grants	-	23,057	23,057
Immigration income	2,175	-	2,175
Loss on disposal of property and equipment	258	-	258
Thrift shop sales	60,028	-	60,028
<b>Total Revenue and Other Support</b>	<b>1,310,324</b>	<b>26,770</b>	<b>1,337,094</b>
<b>Net Assets Released from Restrictions</b>	<b>34,606</b>	<b>(34,606)</b>	<b>-</b>
<b>Expenses</b>			
Program services	648,971	-	648,971
Management and general	137,944	-	137,944
Fundraising	23,313	-	23,313
<b>Total Expenses</b>	<b>810,228</b>	<b>-</b>	<b>810,228</b>
<b>Change in Net Assets</b>	<b>534,702</b>	<b>(7,836)</b>	<b>526,866</b>
Net assets, beginning of year	860,994	221,398	1,082,392
Net assets, end of year	<u>\$ 1,395,696</u>	<u>\$ 213,562</u>	<u>\$ 1,609,258</u>



**STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES  
CATHOLIC SOCIAL SERVICES OF MONTGOMERY  
FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services					Supporting Services			Total all Functions	
	Assistance to Individuals	Adoption and Pregnancy Support Services	St. Margaret's Services	Immigration	Thrift Shop	Total	Management and General	Fundraising		Total
<b>Revenue and Other Support</b>										
Contributions and grants	\$ 374,416	\$ 7,500	\$ 186,399	\$ -	\$ 20	\$ 568,335	\$ 68,721	\$ 37,737	\$ 106,458	\$ 674,793
Program revenues	-	-	-	-	49,094	49,094	-	-	-	49,094
In-kind contributions	1,664	-	15,242	-	-	16,906	-	-	-	16,906
Investment income	-	-	84	-	-	84	127,284	-	127,284	127,368
<b>Total Revenue and Other Support</b>	<b>376,080</b>	<b>7,500</b>	<b>201,725</b>	<b>-</b>	<b>49,114</b>	<b>634,419</b>	<b>196,005</b>	<b>37,737</b>	<b>233,742</b>	<b>868,161</b>
<b>Expenses</b>										
Salaries	128,711	-	92,761	-	39,291	260,763	71,669	-	71,669	332,432
Employee benefits	14,014	-	21,831	-	1,248	37,093	6,729	-	6,729	43,822
Payroll taxes	9,518	-	7,836	-	3,889	21,243	6,390	-	6,390	27,633
Salaries and related expenses	152,243	-	122,428	-	44,428	319,099	84,788	-	84,788	403,887
Assistance	154,101	-	28,731	-	-	182,832	600	-	600	183,432
Bank fees	-	-	300	-	1,385	1,685	4,156	-	4,156	5,841
Buildings and grounds	19,863	-	21,090	-	11,267	52,220	13,077	-	13,077	65,297
Conferences and conventions	-	-	-	2,089	-	2,089	1,289	-	1,289	3,378
Depreciation	9,407	-	9,467	-	4,756	23,630	5,385	-	5,385	29,015
Equipment rental and maintenance	1,388	-	1,964	-	201	3,553	2,057	-	2,057	5,610
Marketing/Fundraising	-	-	-	-	575	575	53	20,265	20,318	20,893
Interest expense	-	-	-	-	-	-	20	-	20	20
Organization dues	595	-	482	-	227	1,304	895	-	895	2,199
Postage and shipping	380	-	301	-	142	823	333	-	333	1,156
Prescriptions	20,884	-	2,789	-	-	23,673	-	-	-	23,673
Printing	95	-	428	-	-	523	912	-	912	1,435
Professional fees	3,642	7,500	9,554	-	1,078	21,774	3,145	-	3,145	24,919
Resettlement assistance	-	-	-	-	-	-	-	-	-	-
Subscriptions	100	-	81	6	38	225	107	-	107	332
Supplies	1,084	-	3,674	-	1,730	6,488	7,070	-	7,070	13,558
Telephone	2,646	-	3,561	-	278	6,485	1,818	-	1,818	8,303
Transportation	998	-	3,924	-	1,386	6,308	887	-	887	7,195
<b>Total Expenses</b>	<b>367,426</b>	<b>7,500</b>	<b>208,774</b>	<b>2,095</b>	<b>67,491</b>	<b>653,286</b>	<b>126,592</b>	<b>20,265</b>	<b>146,857</b>	<b>800,143</b>
<b>Change in Net Assets</b>	<b>\$ 8,654</b>	<b>\$ -</b>	<b>\$ (7,049)</b>	<b>\$ (2,095)</b>	<b>\$ (18,377)</b>	<b>\$ (18,867)</b>	<b>\$ 69,413</b>	<b>\$ 17,472</b>	<b>\$ 86,885</b>	<b>\$ 68,018</b>

See accompanying notes.



**STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES  
CATHOLIC SOCIAL SERVICES OF MONTGOMERY  
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Services					Supporting Services			Total all Functions	
	Assistance to Individuals	Adoption and Pregnancy Support Services	St. Margaret's Services	Immigration	Thrift Shop	Total	Management and General	Fundraising		Total
<b>Revenue and Other Support</b>										
Contributions and grants	\$ 368,048	\$ 12,000	\$ 692,443	\$ 1,512	\$ 1,280	\$ 1,075,283	\$ 80,517	\$ 51,969	\$ 132,486	\$ 1,207,769
Program revenues	-	-	-	2,175	60,028	62,203	-	-	-	62,203
In-kind contributions	13,435	-	15,552	-	-	28,987	-	-	-	28,987
Investment income	-	-	131	-	-	131	38,004	-	38,004	38,135
<b>Total Revenue and Other Support</b>	<b>381,483</b>	<b>12,000</b>	<b>708,126</b>	<b>3,687</b>	<b>61,308</b>	<b>1,166,604</b>	<b>118,521</b>	<b>51,969</b>	<b>170,490</b>	<b>1,337,094</b>
<b>Expenses</b>										
Salaries	106,329	-	80,951	1,242	49,030	237,552	69,451	-	69,451	307,003
Employee benefits	11,118	-	16,572	-	1,684	29,374	5,643	-	5,643	35,017
Payroll taxes	7,723	-	7,363	64	4,487	19,637	6,265	-	6,265	25,902
Salaries and related expenses	125,170	-	104,886	1,306	55,201	286,563	81,359	-	81,359	367,922
Assistance	163,245	-	31,271	-	-	194,516	2,080	-	2,080	196,596
Bank fees	-	-	83	-	1,392	1,475	3,607	-	3,607	5,082
Buildings and grounds	12,800	-	21,764	-	10,781	45,345	20,172	-	20,172	65,517
Conferences and conventions	-	-	528	-	-	528	2,789	-	2,789	3,317
Depreciation	7,116	-	10,239	-	4,988	22,343	7,390	-	7,390	29,733
Equipment rental and maintenance	895	-	2,350	-	184	3,429	2,041	-	2,041	5,470
Fundraising expense	-	-	-	-	-	-	-	23,313	23,313	23,313
Interest expense	-	-	-	-	-	-	175	-	175	175
Organization dues	367	-	388	-	166	921	364	-	364	1,285
Postage and shipping	428	-	452	-	195	1,075	368	-	368	1,443
Prescriptions	35,825	-	1,121	-	-	36,946	-	-	-	36,946
Printing	98	-	575	95	-	768	954	-	954	1,722
Professional fees	2,889	12,000	15,478	495	1,186	32,048	4,640	-	4,640	36,688
Resettlement assistance	-	-	-	1,278	-	1,278	-	-	-	1,278
Subscriptions	76	-	80	-	34	190	105	-	105	295
Supplies	1,161	-	6,187	16	2,937	10,301	10,063	-	10,063	20,364
Telephone	2,135	-	3,457	-	222	5,814	1,837	-	1,837	7,651
Transportation	867	-	3,061	-	1,503	5,431	-	-	-	5,431
<b>Total Expenses</b>	<b>353,072</b>	<b>12,000</b>	<b>201,920</b>	<b>3,190</b>	<b>78,789</b>	<b>648,971</b>	<b>137,944</b>	<b>23,313</b>	<b>161,257</b>	<b>810,228</b>
<b>Change in Net Assets</b>	<b>\$ 28,411</b>	<b>\$ -</b>	<b>\$ 506,206</b>	<b>\$ 497</b>	<b>\$ (17,481)</b>	<b>\$ 517,633</b>	<b>\$ (19,423)</b>	<b>\$ 28,656</b>	<b>\$ 9,233</b>	<b>\$ 526,866</b>

See accompanying notes.

**STATEMENTS OF CASH FLOWS  
CATHOLIC SOCIAL SERVICES OF MONTGOMERY  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (381,732)	\$ 526,866
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation expense	29,015	29,733
(Increase) in value of beneficial interest in a trust	(8,457)	(3,713)
(Increase) in value - investment assets held by others	(115,495)	(31,095)
Changes in assets and liabilities that provided (used) cash:		
Accounts receivable	2,360	(2,400)
Other receivables	-	20,831
Prepaid expenses	(2,285)	2,131
Accounts payable	618	666
Accrued salaries	1,437	3,120
Deferred revenue	-	(10,069)
Accrued compensated absences	(993)	2,120
Net cash (used in) provided by operating activities	<u>(475,532)</u>	<u>538,190</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	<u>(8,859)</u>	<u>(17,626)</u>
Net cash used in investing activities	(8,859)	(17,626)
<b>Cash Flows from Financing Activities</b>		
Repayment of capital lease obligation	<u>-</u>	<u>(1,993)</u>
Net cash used in financing activities	<u>-</u>	<u>(1,993)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(484,391)	518,571
Cash and cash equivalents, beginning of year	<u>654,626</u>	<u>136,055</u>
Cash and cash equivalents, end of year	<u>\$ 170,235</u>	<u>\$ 654,626</u>



**NOTES TO FINANCIAL STATEMENTS  
CATHOLIC SOCIAL SERVICES OF MONTGOMERY  
JUNE 30, 2021 AND 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Catholic Social Services of Montgomery (Organization) is an agency of the Archdiocese of Mobile. The Organization provides various social services, including assistance to individuals, counseling, adoption, immigration, pregnancy support services, elderly outreach and interfaith care giving. All of these services are provided primarily to residents of central Alabama.

**Basis of Accounting and Presentation**

The financial statements presented include only the activities of the Organization, and do not include the assets, liabilities, net assets and activities of the Archdiocese.

The financial statements of the Organization have been prepared on the accrual basis of accounting.

The Organization reports information regarding its financial position and activities according to two classes of net assets:

- Net assets without donor restrictions represent revenues and expenses related to the operation and management of the Organization's primary programs and supporting services.
- Net assets with donor restrictions represent resources available for use, but expendable only for the purposes specifically stated by the donor, as well as net assets that must be maintained in perpetuity.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. 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 and reported in the statements of activities and changes in net assets as net assets released from restrictions.

**Revenue Recognition**

Unconditional promises to give are recognized in the period promised. Distributions received from the Archdiocese and United Way are recognized when received. Other revenue is recognized as earned.



**NOTES TO FINANCIAL STATEMENTS  
CATHOLIC SOCIAL SERVICES OF MONTGOMERY  
JUNE 30, 2021 AND 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Cash and Cash Equivalents**

For purposes of these statements, the Organization considers all highly liquid debt instruments and certificates of deposit purchased with an original maturity of three months or less to be cash equivalents.

**Accounts and Other Receivables**

The Organization reports receivables at net realizable value. Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against the allowance.

**Investment Assets Held by Others**

Investment activities of the Organization are managed by The Catholic Foundation, an affiliate of the Archdiocese of Mobile. All investment related activities, such as dividends, gains and losses and management fees are recorded in total as "Change in value - investment assets held by others" on the statement of activities.

**Equipment and Leasehold Improvements**

Additions to equipment and leasehold improvements are capitalized at cost, or at fair value if donated. Maintenance and repairs are charged to expense as incurred. Depreciation is provided for over the estimated useful lives of the assets using the straight-line method. The cost and accumulated depreciation of disposed assets are removed from the accounts and any gain or loss is reflected in the statement of activities. The Organization's policy is to capitalize expenditures for equipment and leasehold improvements when expenditures are in amounts greater than \$500.

**Beneficial Interest in Trust**

The Organization is the beneficiary of an irrevocable split-interest charitable remainder trust under which the donor-designated beneficiary will receive payments until death. The Organization will receive the remaining assets upon the termination of the trust. The Organization does not serve as trustee of the trust, and therefore, the net assets of the trust are recognized at the fair value of the underlying assets, less an estimated liability based on actuarial assumptions for payments to be made to the beneficiary from trust assets. Changes are recognized as "change in value - beneficial interest in trust" on the statement of activities.



**NOTES TO FINANCIAL STATEMENTS**  
**CATHOLIC SOCIAL SERVICES OF MONTGOMERY**  
**JUNE 30, 2021 AND 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Fair Value Measurements**

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy under FASB ASC 820 are described below.

**Level 1** - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

**Level 2** - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs which are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3** - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**NOTES TO FINANCIAL STATEMENTS  
CATHOLIC SOCIAL SERVICES OF MONTGOMERY  
JUNE 30, 2021 AND 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Donated Assets, Materials and Services**

Donated assets, materials and services are reflected as noncash donations in the accompanying statements at their fair value at the date of receipt. Following is a summary of donated assets, materials and services:

	<b>2021</b>	<b>2020</b>
Food	<u>\$ 16,906</u>	<u>\$ 28,987</u>

Food consists of the value of items obtained from the Montgomery Area Food Bank in excess of the shared maintenance fee paid.

**Advertising**

Advertising costs are expensed as incurred.

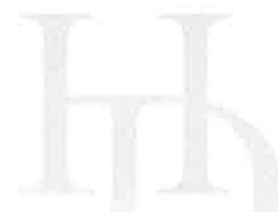
**Allocation of Expenses**

The costs of providing various program and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional revenues and expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Newly Adopted Accounting Pronouncements**

On July 1, 2019, the Organization adopted ASU 2018-08, "*Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.*" This new standard clarified the criteria for evaluating whether contributions are unconditional or conditional. Adoption of this ASU did not materially impact the financial statements.

On July 1, 2019, the Organization adopted ASU 2014-09, "*Revenue from Contracts With Customers (Topic 606)*". This new standard establishes the principles to report useful information about the nature, timing, and uncertainty of revenue from contracts with customers. The adoption of this ASU did not materially impact the financial statements.



**NOTES TO FINANCIAL STATEMENTS  
CATHOLIC SOCIAL SERVICES OF MONTGOMERY  
JUNE 30, 2021 AND 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Income Taxes**

The Archdiocese of Mobile, as a Catholic entity, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization, as an agency of the Archdiocese, is likewise exempt from income taxes under Section 501(c)(3) of the IRC. The Organization is not required to file an informational return with the Internal Revenue Service.

Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income through the Archdiocese.

However, the Organization generated no unrelated business income for the year ended June 30, 2021. The Organization has no uncertain tax positions that qualify for recognition or disclosure in the financial statements and no interest and penalties related to income taxes for the year ended June 30, 2021.

**Use of Estimates in the Preparation of Financial Statements**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies as of the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent Events**

Management has evaluated subsequent events through November 5, 2021, which is the date the financial statements were available to be issued.

**NOTES TO FINANCIAL STATEMENTS  
CATHOLIC SOCIAL SERVICES OF MONTGOMERY  
JUNE 30, 2021 AND 2020**

**NOTE 2. EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

Equipment and leasehold improvements as of June 30 consist of the following:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 432,493	\$ 425,938
Equipment	61,745	59,441
Automobiles	20,949	20,949
Furniture and fixtures	30,527	30,527
Less: accumulated depreciation	<u>(285,592)</u>	<u>(256,577)</u>
	<u>\$ 260,122</u>	<u>\$ 280,278</u>

**NOTE 3. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes as of June 30:

	<u>2021</u>	<u>2020</u>
Beneficial interest in trust - due to time	\$ 177,975	\$ 169,518
Prescriptions - women and children	4,161	8,370
Direct aid	-	6,557
Disaster relief	<u>29,117</u>	<u>29,117</u>
	<u>\$ 211,253</u>	<u>\$ 213,562</u>

Net assets were released from donor restrictions during the years ended June 30, 2021 and 2020, respectively in satisfaction of the following purposes:

	<u>2021</u>	<u>2020</u>
Prescriptions - women and children	\$ 13,902	\$ 16,506
St. Margaret's services	1,500	6,500
Direct aid	<u>11,864</u>	<u>11,600</u>
	<u>\$ 27,266</u>	<u>\$ 34,606</u>





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**NOTE 4. FAIR VALUE MEASUREMENTS**

The following is a description of the valuation methodologies used for assets measured at fair value as of June 30, 2021 and 2020:

**Investment Assets Held by Others:** Valued at the closing price reported on the active market on which the individual securities are traded – Level 1 valuation.

**Beneficial Interest in Trust:** Valued at the current fair value of the Organization’s interest in the trust assets, less an estimated liability based on actuarial tables for payments to be made to the donor from trust assets – Level 3 valuation.

The following tables present financial assets measured at fair value on a recurring basis as of June 30, by caption on the statement of financial position and by the valuation hierarchy defined above:

	<b>2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investment assets held by others	\$ 633,146	\$ -	\$ -	\$ 633,146
Beneficial interest in trust	\$ -	\$ -	\$ 177,975	\$ 177,975

	<b>2020</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investment assets held by others	\$ 517,651	\$ -	\$ -	\$ 517,651
Beneficial interest in trust	\$ -	\$ -	\$ 169,518	\$ 169,518

The following table presents a roll forward of the amounts for the beneficial interest in trust for the years ended June 30:

	<b>2021</b>	<b>2020</b>
Balance, beginning of year	\$ 169,518	\$ 165,805
Increase in asset value	6,952	123
Decrease in liability	1,505	3,590
Balance, end of year	\$ 177,975	\$ 169,518



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**NOTE 5. RETIREMENT PLAN**

The Archdiocese maintains a retirement plan for employees of the Archdiocese, including its agencies. All employees are eligible to contribute their own voluntary pre-tax contributions the first pay period of a new quarter following their hire date.

The plan allows the Archdiocese to make discretionary contributions in addition to employee contributions. For the years ended June 30, 2021 and 2020, contributions to the plan for the personnel of the Organization totaled \$6,960 and \$5,222, respectively, and is included in employee health and retirement benefits on the statements of functional revenues and expenses.

**NOTE 6. RELATED PARTY TRANSACTIONS**

The Organization is an agency of the Archdiocese. The Organization receives monthly allotments from the Archdiocese based on its approved annual budget. All personnel who work at the Organization are employees of the Archdiocese. As described in Note 5, the Archdiocese maintains the retirement plan for the employees. The Archdiocese also owns the building that the Organization occupies rent-free.

The following is a summary of transactions between the parties during the years ended June 30:

	<b>2021</b>	<b>2020</b>
<u>Revenues</u>		
Catholic Charities	\$ 285,000	\$ 280,000

The Organization transferred to the Archdiocese \$449,750 during the year ended June 30, 2021. This represents amounts received as a bequest during 2020 to benefit St. Margaret's Services. The Archdiocese will be responsible for the administration and disposition of these funds.

**NOTE 7. CONCENTRATIONS**

The Organization receives a substantial portion of its revenues from the Archdiocese.

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000



**NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8. FINANCIAL AND LIQUIDITY RESOURCES**

Financial assets as of the statement of financial position date, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 170,235	\$ 654,626
Accounts receivable	<u>2,061</u>	<u>4,421</u>
Total financial assets available within one year	172,296	659,047
Total financial assets unavailable within one year due to donor restrictions	<u>(25,346)</u>	<u>(44,044)</u>
Total financial assets available within one year without donor restrictions	<u>\$ 146,950</u>	<u>\$ 615,003</u>

**NOTE 9. UNCERTAINTIES**

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which have the potential to negatively impact all of the various revenues of the Organization. Revenue generating activities may be temporarily suspended or eliminated entirely by actions of state and local governments. While disruption is currently expected to be temporary, there is considerable uncertainty regarding the duration. The duration and related financial impact cannot be reasonably estimated at this time.

**NOTE 10. SUBSEQUENT EVENTS**

Subsequent to June 30, 2021, the Organization has determined that it will cease thrift store operations by December 31, 2021. This decision does not impact the current year financial statements.

