



**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
dba CATHOLIC CHARITIES OF SOUTHERN COLORADO AND SUBSIDIARY**

**Independent Auditors' Reports,
Consolidated Financial Statements,
Supplemental Information,
Schedule of Findings and Questioned Costs
And
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024**

CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
dba CATHOLIC CHARITIES OF SOUTHERN COLORADO AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Catholic Charities of The Diocese of Pueblo, Inc.
dba Catholic Charities of Southern Colorado

Opinion

We have audited the accompanying consolidated financial statements of Catholic Charities of The Diocese of Pueblo, Inc. dba Catholic Charities of Southern Colorado and subsidiary (the Organization), which comprise the consolidated statement of financial position as of June 30, 2024 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, and the changes in 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Organization's 2023 consolidated financial statements and expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 20, 2023. The summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the consolidated financial statements of the Organization. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2024 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Stockman Kast Ryan + Co. LLP

November 20, 2024

CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
dba CATHOLIC CHARITIES OF SOUTHERN COLORADO AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024 (with comparative totals for 2023)

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 295,852	\$ 394,381
Restricted cash	520,951	616,541
Grant and contract receivables	720,455	744,694
Investments	1,202,724	998,981
Pledge receivables		135,840
Other current assets	<u>81,950</u>	<u>50,635</u>
Total current assets	2,821,932	2,941,072
NOTE RECEIVABLE	279,000	279,000
PROPERTY AND EQUIPMENT, NET	<u>26,224</u>	<u>30,756</u>
TOTAL ASSETS	<u>\$ 3,127,156</u>	<u>\$ 3,250,828</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 120,441	\$ 111,006
Accrued expenses	193,086	146,817
Accrued compensated absences	105,069	96,501
Client deposits	520,951	616,541
Refundable advance	<u>300,315</u>	<u>203,372</u>
Total liabilities	<u>1,239,862</u>	<u>1,174,237</u>
NET ASSETS		
Without donor restriction	684,570	941,770
Without donor restriction - Board designated	<u>1,202,724</u>	<u>998,981</u>
Total without donor restriction	1,887,294	1,940,751
With donor restriction		<u>135,840</u>
Total net assets	<u>1,887,294</u>	<u>2,076,591</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,127,156</u>	<u>\$ 3,250,828</u>

See notes to consolidated financial statements.

CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
dba CATHOLIC CHARITIES OF SOUTHERN COLORADO AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024 (with comparative totals for 2023)

	2024			2023 Total
	Without Donor Restriction	With Donor Restriction	Total	
SUPPORT AND REVENUE				
SUPPORT				
Contributions - financial assets	\$ 145,034		\$ 145,034	\$ 239,155
Assistance programs	120,337		120,337	138,230
Diocesan Ministry Fund support	100,000		100,000	100,000
Contributions — non-financial assets				10,831
Total support	<u>365,371</u>	<u>\$ —</u>	<u>365,371</u>	<u>488,216</u>
REVENUES				
Grant revenue	4,440,642		4,440,642	4,157,203
Money management fees	176,088		176,088	170,672
Gain on sale of assets				162,199
Net investment return	166,764		166,764	83,465
Special events	46,390		46,390	81,358
Immigration service fees	54,779		54,779	56,070
Other fees	63,606		63,606	72,480
Net assets released from restrictions — Satisfaction of restrictions	<u>135,840</u>	<u>(135,840)</u>		
Total revenue	<u>5,084,109</u>	<u>(135,840)</u>	<u>4,948,269</u>	<u>4,783,447</u>
Total support and revenue	<u>5,449,480</u>	<u>(135,840)</u>	<u>5,313,640</u>	<u>5,271,663</u>
EXPENSES				
Program services	4,159,614		4,159,614	3,887,284
General and administrative	1,211,883		1,211,883	1,170,028
Fund raising	131,440		131,440	164,339
Total expenses	<u>5,502,937</u>	<u>—</u>	<u>5,502,937</u>	<u>5,221,651</u>
CHANGE IN NET ASSETS	(53,457)	(135,840)	(189,297)	50,012
NET ASSETS, Beginning of year	<u>1,940,751</u>	<u>135,840</u>	<u>2,076,591</u>	<u>2,026,579</u>
NET ASSETS, End of year	<u>\$ 1,887,294</u>	<u>\$ —</u>	<u>\$ 1,887,294</u>	<u>\$ 2,076,591</u>

See notes to consolidated financial statements.

CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
dba CATHOLIC CHARITIES OF SOUTHERN COLORADO AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024 (with comparative totals for 2023)

	2024				2023 Total
	Program Services	Support Services		Total	
		General and Administrative	Fund Raising		
EXPENSES					
Employee compensation:					
Salaries	\$ 2,689,506	\$ 623,824	\$ 96,645	\$ 3,409,975	\$ 2,928,084
Payroll taxes and benefits	<u>557,622</u>	<u>177,528</u>		<u>735,150</u>	<u>764,709</u>
Total employee compensation	<u>3,247,128</u>	<u>801,352</u>	<u>96,645</u>	<u>4,145,125</u>	<u>3,692,793</u>
Other expenses:					
Program supplies	476,757			476,757	411,997
Occupancy	15,576	172,459		188,035	224,655
Professional services	75,547	96,351		171,898	235,961
Assistance to individuals	103,457			103,457	171,768
Travel	61,727	2,937		64,664	61,655
Office supplies	36,148	26,974	62	63,184	53,909
Dues and fees	45,157	14,966		60,123	100,766
Advertising, marketing, and fundraising	16,209	1,442	34,733	52,384	71,550
Insurance		36,214		36,214	36,089
Professional development	32,589	2,620		35,209	18,789
Telephone	20,106	14,840		34,946	60,689
Repairs and equipment maintenance	17,636	48		17,684	30,623
Rent-equipment	3,397	11,172		14,569	14,323
Printing and publications	6,709	6,951		13,660	33,908
Postage and shipping	1,144	5,139		6,283	6,055
Meals	905	3,787		4,692	2,130
Depreciation		4,532		4,532	7,549
Miscellaneous	<u>(578)</u>	<u>10,099</u>		<u>9,521</u>	<u>(13,558)</u>
Total other expenses	<u>912,486</u>	<u>410,531</u>	<u>34,795</u>	<u>1,357,812</u>	<u>1,528,858</u>
TOTAL	<u>\$ 4,159,614</u>	<u>\$ 1,211,883</u>	<u>\$ 131,440</u>	<u>\$ 5,502,937</u>	
PERCENT OF TOTAL	76%	22%	2%	100%	
COMPARATIVE TOTALS – 2023	<u>\$ 3,887,284</u>	<u>\$ 1,170,028</u>	<u>\$ 164,339</u>		<u>\$ 5,221,651</u>
PERCENT OF TOTAL – 2023	74%	22%	3%		100%

See notes to consolidated financial statements.

CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
dba CATHOLIC CHARITIES OF SOUTHERN COLORADO AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024 (with comparative totals for 2023)

	2024	2023
OPERATING ACTIVITIES		
Change in net assets	\$ (189,297)	\$ 50,012
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,532	7,549
Realized and unrealized gains on investments	(129,949)	(69,427)
Gain on sale of of property and equipment		(162,199)
Changes in operating assets and liabilities:		
Accounts receivable		37,401
Pledge receivables	135,840	135,840
Grant and contract receivables	24,239	210,208
Other assets	(31,315)	(6,266)
Accounts payable and accrued expenses	55,704	(127,973)
Refundable advance	96,943	93,401
Accrued compensated absences	8,568	(4,134)
Client deposits	(95,590)	154,438
Net cash provided by (used in) operating activities	<u>(120,325)</u>	<u>318,850</u>
INVESTING ACTIVITIES		
Purchase of investments	(73,794)	(214,039)
Proceeds from sale of investments		50,000
Proceeds from sale of property and equipment		<u>17,991</u>
Net cash used in investing activities	<u>(73,794)</u>	<u>(146,048)</u>
CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
	(194,119)	172,802
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, Beginning of year		
	<u>1,010,922</u>	<u>838,120</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, End of year		
	<u>\$ 816,803</u>	<u>\$ 1,010,922</u>
NON-CASH FINANCING ACTIVITY		
Note receivable issuance for sale of assets	<u>\$ —</u>	<u>\$ 279,000</u>

See notes to consolidated financial statements.

CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
dba CATHOLIC CHARITIES OF SOUTHERN COLORADO AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Catholic Charities of the Diocese of Pueblo, Inc. dba Catholic Charities of Southern Colorado (CCSOCO) is a Colorado not-for-profit organization. The organization was incorporated on April 6, 1994. The mission of CCSOCO is to enhance the dignity and self-worth of individuals and families through the provision of services that respond to the physical, spiritual, emotional and economical needs of those served and to collaborate with the communities of Southern Colorado to solve social problems and to work to bring about systemic change so that justice is attained. CCSOCO is organized exclusively for charitable and educational purposes. Catholic Charities of the Diocese of Pueblo Works Corp. (Pueblo Works), a wholly owned subsidiary of CCSOCO, provides services through grant funding that compliments CCSOCO. The subsidiary began providing services in January 2014.

Principles of Consolidation – The consolidated financial statements include the accounts of Pueblo Works, a wholly owned subsidiary of CCSOCO, and Catholic Charities of the Diocese of Pueblo, Inc. dba Catholic Charities of Southern Colorado (collectively, the Organization). All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation – The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which represents the expendable resources that are available for operations at management’s discretion; and net assets with donor restrictions, which represents resources restricted by donors as to purpose or by the passage of time.

Basis of Accounting – The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents — The Organization considers all liquid investments with original maturities of three months or less, which are neither held for nor restricted by donors for long term purposes to be cash equivalents.

Investments and Investment Return — The Organization's investments consist of mutual funds, money market accounts, and savings and time deposits, which are held as investments, carried at fair market value. The mutual funds and money market accounts are valued based on quoted prices in active markets. Investment return includes dividend, interest and other investment income; and realized and unrealized gains and losses on investments carried at fair value. Investment return is reflected in the statement of activities as without donor restriction or with donor restriction based upon the existence and nature of any donor or legally imposed restrictions.

Receivables and Credit Policies — Accounts receivable consist primarily of noninterest-bearing amounts due for program services. We determine the allowance for credit losses is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At June 30, 2024 and 2023 all amounts were deemed collectible.

Revenue Recognition — Contributions received are recorded as without donor restriction or with donor restriction depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are received, respectively.

Property and Equipment — All acquisitions of property and equipment in excess of \$1,500 and all expenditures for repairs, maintenance, renewals and betterments that prolong the useful lives of assets are capitalized. Property and equipment are recorded at cost or, if donated, at the fair value at the date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, which range from three years to thirty-nine years.

Restricted Cash and Client Deposits — The Organization provides cash management and immigration services to clients. Cash management services include collection of client funds and payment of client expenses and debts. Immigration services include collection of client funds and payment of attorney fees on behalf of the client. At June 30, 2024 and 2023, the Organization was holding \$520,951 and \$616,541, respectively, of client funds.

Government Grants — Support funded by grants is recognized as the Organization performs the contracted services or incurs eligible expenditures for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Grants receivable are considered by management to be fully collectible and, accordingly, no allowance for credit losses is considered necessary.

Use of Estimates — Preparation of the Organization's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes — The Organization is a qualifying organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes under Section 501(a). In addition, the Organization qualified for the charitable contribution deduction. The Organization believes that it does not have any uncertain tax positions that are material to the financial statements.

Reclassifications — Certain reclassifications to prior year amounts have been made to conform to the current year presentation.

Subsequent Events — The Organization has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

2. LIQUIDITY AND AVAILABILITY

The following table reflects the Organization's financial assets as of June 30, 2024 and 2023, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or time restrictions. Amounts not available to meet general expenditures within one year include net assets with donor restrictions.

	2024	2023
Cash and cash equivalents	\$ 295,852	\$ 394,381
Restricted cash	520,951	616,541
Grant and contract receivables	720,455	744,694
Pledge receivables		135,840
Investments	<u>1,202,724</u>	<u>998,981</u>
Total financial assets	<u>2,739,982</u>	<u>2,890,437</u>
Less amounts unavailable for general expenditures within one year, due to:		
Restricted cash	(520,951)	(616,541)
Board designated	(1,202,724)	(998,981)
Restricted by donors with time restrictions	<u> </u>	<u>(135,840)</u>
Total amounts unavailable for general expenditures within one year	<u>(1,723,675)</u>	<u>(1,751,362)</u>
Total financial assets available to management to meet cash needs for general expenditures within one year	<u>\$ 1,016,307</u>	<u>\$ 1,139,075</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization is substantially supported by charitable contributions in addition to fees earned from the various programs. As those charged with management of those accounts request expenses to be made, assets with donor restrictions can be liquidated to cover those expenses.

3. FUNCTIONAL EXPENSES ALLOCATION METHOD

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Organization. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Costs are charged to the program, general and administrative or fundraising based on what area of the organization the cost supports. Expenses that can be identified with a specific program are charged directly to that program, with all other expenses common to several programs are allocated based on management's budgetary estimates.

4. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents and restricted cash consisted of the following as of June 30:

	2024	2023
Cash and cash equivalents	\$ 295,852	\$ 394,381
Restricted cash	<u>520,951</u>	<u>616,541</u>
Total	<u>\$ 816,803</u>	<u>\$ 1,010,922</u>

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization is required to use 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 the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2: Prices determined using significant other observable inputs. 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; and
- Inputs that 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: Prices determined using significant unobservable inputs.

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

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2024:				
Domestic equity mutual funds	\$ 813,248	\$ 813,248		
Savings and time deposits	388,567	388,567		
Money market accounts	<u>909</u>	<u>909</u>		
Total investments	<u>\$ 1,202,724</u>	<u>\$ 1,202,724</u>	<u>\$ —</u>	<u>\$ —</u>
2023:				
Domestic equity mutual funds	\$ 671,247	\$ 671,247		
Savings and time deposits	151,821	151,821		
Money market accounts	<u>175,913</u>	<u>175,913</u>		
Total investments	<u>\$ 998,981</u>	<u>\$ 998,981</u>	<u>\$ —</u>	<u>\$ —</u>

Investment income consists of the following for the years ended June 30:

	2024	2023
Interest and dividend income	\$ 36,815	\$ 14,038
Realized and unrealized investment gains	<u>129,949</u>	<u>69,427</u>
Total	<u>\$ 166,764</u>	<u>\$ 83,465</u>

6. PLEDGE RECEIVABLE FOR USE OF PROPERTY

The Organization entered into a two-year lease agreement which began in June 2020 for the use of office and operations facilities for annual rental payments of \$1. During the year ended June 30, 2022, the Organization renewed for an additional two years.

In 2022, the Organization recognized \$271,680 for the free use of facilities for the renewed agreement as contribution revenue and a pledge receivable at the fair market value of the facility in excess of the rental payments. The Organization recognized rent expense of \$135,840 for each of the years ended June 30, 2023 and 2022, associated with the below market annual rents. As of June 30, 2024, no new lease has been signed, and the Organization continues to occupy the space on a month to month basis.

7. NOTE RECEIVABLE

During the year ended June 30, 2023, the Organization entered into a promissory note with another organization, to purchase a building owned by the Organization. Under the agreement, the Organization loaned \$279,000 to the other organization. The note is receivable at maturity on May 1, 2025, with interest only payments of \$1,860 due monthly beginning December 1, 2023. The note bears interest at 8% annually and is secured by real estate. As of June 30, 2024 and 2023, the outstanding balance is \$279,000.

8. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2024	2023
Buildings and leasehold improvements	\$ 126,435	\$ 126,435
Office furniture and equipment	<u>85,247</u>	<u>242,066</u>
Total	211,682	368,501
Less accumulated depreciation	<u>(185,458)</u>	<u>(337,745)</u>
Property and equipment, net	<u>\$ 26,224</u>	<u>\$ 30,756</u>

9. NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction are restricted for time in the amounts of \$135,840 as of June 30, 2023. There are no net assets with donor restriction as of June 30, 2024.

10. RELEASE OF NET ASSETS WITH DONOR RESTRICTION

Net assets were released from donor restrictions by incurring expenditures satisfying the restricted time purpose of \$135,840 for both the years ended June 30, 2024 and 2023.

11. NET ASSETS WITHOUT DONOR RESTRICTION

Net assets without donor restriction consisted of the following at June 30:

	2024	2023
Board designated for:		
Operating reserve	\$ 684,570	\$ 998,981
Undesignated	<u>1,202,724</u>	<u>941,770</u>
Total	<u>\$ 1,887,294</u>	<u>\$ 1,940,751</u>

12. CONTRIBUTED NONFINANCIAL ASSETS

For the years ended June 30, 2023 contributed nonfinancial assets recognized within the statement of activities included:

	Revenue Recognized	Utilization in Programs/ Activities	Donor Restriction	Valuation Techniques/ Inputs
2023				
Events	\$ <u>10,831</u>	Events	None	Fair market value

13. EMPLOYEE BENEFIT PLAN

The Organization has a tax shelter annuity plan that it offers to employees. Employees who have completed six months of service and work a minimum of 20 hours a week are eligible. The Organization matches contributions up to 3% of employee’s gross salary. Contributions to the plan were \$36,696 and \$30,294 for the years ended June 30, 2024 and 2023, respectively.

14. COMMITMENTS AND CONTINGENCIES

Grant Requirements — Both federal and nonfederal grants require the fulfillment of certain conditions as set forth in the grant agreement. Failure to fulfill these conditions could result in the disallowance of certain expenditures. Management anticipates no disallowances of expenditures.

15. CONCENTRATIONS

Contracts with the federal and state governments provided approximately 35% and 39% of the Organization's revenue for the years ended June 30, 2024 and 2023, respectively.

As of June 30, 2024, 51% of the Organization’s grant and contract receivable was due under three providers. As of June 30, 2023, 44% of the Organization's grant and contract receivables was due under two providers

The Organization has several accounts at financial institutions with a balance that frequently exceeds the FDIC insurance limits. The Organization has not experienced any losses in such accounts.

CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
dba CATHOLIC CHARITIES OF SOUTHERN COLORADO AND SUBSIDIARY

SUPPLEMENTAL INFORMATION

CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
dba CATHOLIC CHARITIES OF SOUTHERN COLORADO AND SUBSIDIARY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Agency / Pass-Through Entity and Cluster or Program	Assistance Listing Number	Grant Number	Amount Expended
United States Department of Health and Human Services: Pass-Through Programs: Colorado Department of Health and Human Services: Office of Early Childhood: Maternal, Infant and Early Childhood Home Visiting Program	93.870	QAAA 2024-2452 A6	\$ 891,250
Community Based Child Abuse Prevention	93.590	23 QAAA 177581	23,987
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	24 QAAA 184338	153,085
MaryLee Allen Promoting Safe and Stable Families Program	93.556	24 QAAA 185160	<u>91,235</u>
Total Office of Early Childhood			<u>1,159,557</u>
Office of Behavioral Health: SAMHSA Substance Abuse Prevention and Treatment Block Grant	93.959	2023*0356	<u>172,988</u>
Office of Economic Security: Coronavirus State and Local Fiscal Recovery Funds	21.027	24 IHGA 178968	387,792
Temporary Assistance for Needy Families	93.558	24 IHGA 178968	<u>121,534</u>
Total Office of Economic Security			<u>509,326</u>
Illuminate Colorado: MaryLee Allen Promoting Safe and Stable Families Program	93.556	COP-2023 CoF	<u>8,446</u>
National Association of County & City Health Officials: Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	2021-031902	<u>9,605</u>
Total United States Department of Health and Human Services			<u>1,859,922</u>
United States Department of Housing and Urban Development (HUD): Pass-Through Programs: City of Pueblo: Community Development Block Grant (CDBG) / Entitlement Program	14.218	CD2209	<u>24,726</u>

(Continued)

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
dba CATHOLIC CHARITIES OF SOUTHERN COLORADO AND SUBSIDIARY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Agency / Pass-Through Entity and Cluster or Program	Assistance Listing Number	Grant Number	Amount Expended
United States Department of Homeland Security:			
Pass-Through Programs:			
United Way of Pueblo:			
Emergency Food & Shelter National Board Program	97.024		<u>13,678</u>
United States Department of Justice:			
Pass-Through Programs:			
Colorado Department of Public Safety, Division of Criminal Justice: Crime Victim Assistance	16.575	2022-VA-23-246-10	<u>44,177</u>
Corporation for National And Community Service			
Pass-Through Programs:			
Parent Possible:			
AmeriCorps State and National	94.006		<u>72,570</u>
TOTAL			<u>\$ 2,015,073</u>

Notes to Schedule:

1. This schedule includes the federal awards activity of Catholic Charities of the Diocese of Pueblo, Inc. dba Catholic Charities of Southern Colorado and subsidiary and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.
2. Catholic Charities of The Diocese of Pueblo, Inc. dba Catholic Charities of Southern Colorado and subsidiary provided no federal awards to subrecipients.
3. Catholic Charities of The Diocese of Pueblo, Inc. dba Catholic Charities of Southern Colorado and subsidiary has elected to use the 10 percent *de minimus* indirect cost rate to charge costs to their federal awards.

(Concluded)

**INDEPENDENT AUDITORS' REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON THE
AUDIT OF THE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Directors
Catholic Charities of The Diocese of Pueblo, Inc. dba Catholic Charities of Southern Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Catholic Charities of The Diocese of Pueblo, Inc. dba Catholic Charities of Southern Colorado and subsidiary (the Organization), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon November 20, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stockman Kast Ryan + Co. LLP

November 20, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

The Board of Directors
Catholic Charities of The Diocese of Pueblo, Inc. dba Catholic Charities of Southern Colorado

Opinion on Each Major Federal Program

We have audited Catholic Charities of The Diocese of Pueblo, Inc. dba Catholic Charities of Southern Colorado and subsidiary's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2024. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over the compliance that might be material weaknesses or significant deficiencies in internal control over compliance.

Given these limitations during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Stockman Kast Ryan + Co. LLP

November 20, 2024

CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
dba CATHOLIC CHARITIES OF SOUTHERN COLORADO AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

1. Type of auditors' report issued:

- Unmodified Modified Adverse Disclaimed

2. Internal control over financial reporting:

- (A) Material weakness(es) identified? Yes No
 (B) Significant deficiencies identified? Yes None Reported

3. Noncompliance material to the consolidated financial statements noted?

- Yes No

FEDERAL AWARDS

1. Internal control over major programs:

- (A) Material weakness(es) identified? Yes No
 (B) Significant deficiencies identified? Yes None Reported

2. Type of auditors' report issued on compliance for major programs:

- Unmodified Modified Adverse Disclaimed

3. Any audit findings that are required to be reported in accordance with 2CFR 200.516(a)?

- Yes No

4. The Organization's major programs were:

<u>Assistance Listing Number</u>	<u>Cluster/Program</u>
93.870	Maternal, Infant and Early Childhood Home Visiting Program

5. Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

6. Auditee qualified as low-risk auditee under Section 520 of the Uniform Guidance?

- Yes No

(Continued)

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
dba CATHOLIC CHARITIES OF SOUTHERN COLORADO AND SUBSIDIARY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reported.

(Concluded)

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
dba CATHOLIC CHARITIES OF SOUTHERN COLORADO AND SUBSIDIARY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reported.