

# **The Catholic Charities of the Diocese of Arlington, Inc.**

**Financial Statements**

**As of June 30, 2024 and 2023  
and Report Thereon**



CPAs | CONSULTANTS | WEALTH ADVISORS

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# The Catholic Charities of the Diocese of Arlington, Inc.

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As of June 30, 2024 and 2023

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Catholic Charities of the Diocese of Arlington, Inc.  
Arlington, Virginia

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of The Catholic Charities of the Diocese of Arlington, Inc., a nonprofit corporation, which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Catholic Charities of the Diocese of Arlington, Inc., 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 in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Financial Statements* section of our report. We are required to be independent of The Catholic Charities of the Diocese of Arlington, Inc., 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 The Catholic Charities of the Diocese of Arlington, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 financial statements.

In performing an audit in accordance with GAAS 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Catholic Charities of the Diocese of Arlington, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Catholic Charities of the Diocese of Arlington, Inc.'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.

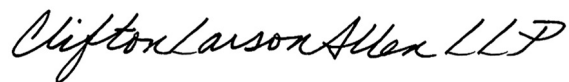
**Other Matters**

***Other Information – Schedule of Expenditures of Federal Awards***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the 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 December 10, 2024, on our consideration of The Catholic Charities of the Diocese of Arlington, Inc.’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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of The Catholic Charities of the Diocese of Arlington, Inc.’s 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 Catholic Charities of the Diocese of Arlington, Inc.’s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Arlington, Virginia  
December 10, 2024

**The Catholic Charities of the Diocese of Arlington, Inc.**  
**Statements of Financial Position**  
**As of June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 17,187,406	\$ 17,155,341
Accounts receivable, less allowance for credit losses of \$15,635 and \$17,666, respectively	1,561,605	3,831,427
Inventory	30,689	-
Investments	19,607,762	17,961,318
Fixed assets, less accumulated depreciation of \$2,089,639 and \$1,914,133, respectively	581,973	675,544
Right of Use Assets - Operating	3,246,596	3,485,680
Right of Use Assets - Financing	266,758	223,319
Other assets	171,059	173,368
Total assets	<u>\$ 42,653,848</u>	<u>\$ 43,505,997</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 174,470	\$ 218,086
Accrued expenses		
Pension	203,939	454,703
Payroll	1,110,748	954,304
Other	331,220	261,909
Other liabilities		
Annuity	75,533	77,256
Operating lease liabilities	3,400,259	3,621,719
Financing lease liabilities	274,002	226,282
Total liabilities	<u>5,570,171</u>	<u>5,814,259</u>
<b>Net assets</b>		
Without donor restrictions		
Operating	12,802,556	13,441,939
Plant	581,973	675,544
Total without donor restrictions	<u>13,384,529</u>	<u>14,117,483</u>
With donor restrictions	<u>23,699,148</u>	<u>23,574,255</u>
Total net assets	<u>37,083,677</u>	<u>37,691,738</u>
Total liabilities and net assets	<u>\$ 42,653,848</u>	<u>\$ 43,505,997</u>

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

**The Catholic Charities of the Diocese of Arlington, Inc.**  
**Statement of Activities**  
**For the year ended June 30, 2024**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Operating revenues and support			
Fundraising	\$ 2,507,266	\$ 3,000	\$ 2,510,266
The Chancery	2,537,430	-	2,537,430
Third Party Giving/CFC	136,702	-	136,702
Program services	711,969	-	711,969
Government grants and contracts	8,425,446	-	8,425,446
Contributions	3,746,280	280,684	4,026,964
Contributions of nonfinancial assistance (Inkind)	6,527,330	-	6,527,330
Interest income	554,556	406,486	961,042
Miscellaneous income	154,536	60	154,596
Net assets released from restriction	1,936,126	(1,936,126)	-
	<u>27,237,641</u>	<u>(1,245,896)</u>	<u>25,991,745</u>
Total operating revenues and support			
Operating expenses			
Program services			
Adoption & Children Services	457,903	-	457,903
Counseling & Health	4,951,900	-	4,951,900
Food & Emergency Assistance	7,081,701	-	7,081,701
Hogar Immigrant Services	2,307,411	-	2,307,411
Migration and Refugee Services	8,007,405	-	8,007,405
Parish & Community Engagement	390,241	-	390,241
Senior Services	346,085	-	346,085
Transformational Housing	1,383,132	-	1,383,132
Supporting services			
Management and general	2,869,297	-	2,869,297
Fundraising	1,163,450	-	1,163,450
Total operating expenses	<u>28,958,525</u>	<u>-</u>	<u>28,958,525</u>
Change in net assets from operations	<u>(1,720,884)</u>	<u>(1,245,896)</u>	<u>(2,966,780)</u>
Other changes in net assets			
Minimum pension liability	258,000	-	258,000
Leadership initiative	-	62,075	62,075
Investment gain (loss)	(793)	2,037,714	2,036,921
Endowment appropriations	729,000	(729,000)	-
Change in value of annuity payable	1,723	-	1,723
Total change in net assets	<u>(732,954)</u>	<u>124,893</u>	<u>(608,061)</u>
Net assets, beginning of year	<u>14,117,483</u>	<u>23,574,255</u>	<u>37,691,738</u>
Net assets, end of year	<u>\$ 13,384,529</u>	<u>\$ 23,699,148</u>	<u>\$ 37,083,677</u>

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

**The Catholic Charities of the Diocese of Arlington, Inc.**  
**Statement of Activities**  
**For the year ended June 30, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Operating revenues and support			
Fundraising	\$ 2,495,324	\$ -	\$ 2,495,324
The Chancery	2,512,190	-	2,512,190
Third Party Giving/CFC	162,512	2,190	164,702
Program services	692,246	-	692,246
Government grants and contracts	6,656,187	-	6,656,187
Contributions	4,867,160	1,039,148	5,906,308
Contributions of nonfinancial assistance (Inkind)	5,591,175	-	5,591,175
Interest income	263,735	336,869	600,604
Miscellaneous income	186,395	-	186,395
Net assets released from restriction	548,969	(548,969)	-
	<u>23,975,893</u>	<u>829,238</u>	<u>24,805,131</u>
Total operating revenues and support			
Operating expenses			
Program services			
Adoption & Children Services	533,618	-	533,618
Counseling & Health	4,062,682	-	4,062,682
Food & Emergency Assistance	6,347,062	-	6,347,062
Hogar Immigrant Services	2,135,446	-	2,135,446
Migration and Refugee Services	6,469,154	-	6,469,154
Parish & Community Engagement	386,659	-	386,659
Senior Services	326,359	-	326,359
Transformational Housing	1,373,160	-	1,373,160
Supporting services			
Management and general	2,774,305	-	2,774,305
Fundraising	971,939	-	971,939
Total operating expenses	<u>25,380,384</u>	<u>-</u>	<u>25,380,384</u>
Change in net assets from operations	<u>(1,404,491)</u>	<u>829,238</u>	<u>(575,253)</u>
Other changes in net assets			
Minimum pension liability	201,803	-	201,803
Leadership initiative	-	12,058	12,058
Investment gain (loss)	1,020	1,851,368	1,852,388
Endowment appropriations	710,000	(710,000)	-
Change in value of annuity payable	12,272	-	12,272
Total change in net assets	<u>(479,396)</u>	<u>1,982,664</u>	<u>1,503,268</u>
Net assets, beginning of year	<u>14,596,879</u>	<u>21,591,591</u>	<u>36,188,470</u>
Net assets, end of year	<u>\$ 14,117,483</u>	<u>\$ 23,574,255</u>	<u>\$ 37,691,738</u>

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



**The Catholic Charities of the Diocese of Arlington, Inc.**  
**Statements of Cash Flows**  
**For the years ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (608,061)	\$ 1,503,268
Adjustments to reconcile change in net assets to net cash and cash equivalents used by operating activities		
Depreciation of furniture and equipment	175,511	171,749
Amortization of right of use asset	1,015,438	987,116
Unrealized (gains)/losses on investments	(1,107,271)	(1,813,098)
Realized (gains)/losses on investments	(930,443)	(38,270)
Change in value of annuity	(1,723)	(12,272)
(Increase)/Decrease in accounts receivable, net	2,269,822	(2,482,196)
(Increase)/Decrease in inventory	(30,689)	-
(Increase)/Decrease in other assets	2,309	867,910
Increase/(Decrease) in accounts payable	(43,616)	68,600
Increase/(Decrease) in accrued expenses	(25,009)	(142,154)
Increase/(Decrease) in operating lease liabilities	(938,731)	(820,316)
Net cash and cash equivalents used by operating activities	<u>(222,463)</u>	<u>(1,709,663)</u>
<b>Cash flows from investing activities</b>		
Net proceeds/(purchase) of investments	391,270	439,693
Purchase of fixed assets	(81,940)	(60,597)
Net cash and cash equivalents provided by investing activities	<u>309,330</u>	<u>379,096</u>
<b>Cash flows from financing activities</b>		
Payments on Financing Leases	(54,802)	(27,798)
Net cash and cash equivalents used by financing activities	<u>(54,802)</u>	<u>(27,798)</u>
Net increase (decrease) in cash and cash equivalents	32,065	(1,358,365)
Cash and cash equivalents, at beginning of year	17,155,341	18,513,706
Cash and cash equivalents, at end of year	<u>\$ 17,187,406</u>	<u>\$ 17,155,341</u>

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

**The Catholic Charities of the Diocese of Arlington, Inc.**  
**Statement of Functional Expenses**  
**For the year ended June 30, 2024**

	Program Services								Supporting Services			Total 2024	
	Adoption & Children Services	Counseling & Health	Food & Emergency Assistance	Hogar Immigrant Services	Migrant & Refugee Services	Parish & Community Engagement	Senior Services	Transformational Housing	Total Program Services	Management and General	Fundraising		Total Supporting Services
Expenses													
Compensation	\$ 329,529	\$ 1,773,269	\$ 1,729,035	\$ 1,826,495	\$ 4,680,088	\$ 250,829	\$ 250,049	\$ 1,029,989	\$ 11,869,283	\$ 2,049,088	\$ 72,979	\$ 2,122,067	\$ 13,991,350
Direct nonfinancial assistance (Inkind)	-	2,772,676	3,649,284	16,080	57,570	-	7,070	11,450	6,514,130	-	13,199	13,199	6,527,329
Direct financial assistance (Cash)	4,252	1,770	913,760	859	2,354,411	33,117	1,619	30,388	3,340,176	-	-	-	3,340,176
Occupancy	70,432	200,117	456,384	227,552	515,222	56,851	59,462	130,348	1,716,368	179,832	-	179,832	1,896,200
Professional fees	1,922	42,519	20,724	4,366	69,905	13,717	1,300	3,825	158,278	422,956	589,683	1,012,639	1,170,917
Supplies	2,576	47,925	84,153	26,400	75,711	7,300	9,242	39,722	293,029	34,578	224,566	259,144	552,173
Printing & publications	668	718	10,658	26,487	12,562	1,499	530	1,487	54,609	3,360	162,386	165,746	220,355
Travel	17,705	7,647	99,227	8,401	115,296	1,683	986	3,509	254,454	31,611	1,026	32,637	287,091
Telephone & internet	6,730	27,167	27,323	29,777	51,424	1,378	2,897	16,435	163,131	17,443	-	17,443	180,574
Postage & handling	570	403	2,959	7,638	1,427	2,092	98	669	15,856	8,281	35,904	44,185	60,041
Rental & maintenance	2,080	10,585	12,131	8,228	14,845	1,529	2,663	6,276	58,337	7,197	-	7,197	65,534
Conferences, conventions	2,885	3,958	2,600	11,601	13,901	280	1,443	2,190	38,858	8,479	368	8,847	47,705
Depreciation and amortization	-	9,894	52,885	3,973	-	-	5,620	90,234	162,606	13,072	11,347	24,419	187,025
Miscellaneous	18,554	53,252	20,578	109,554	45,043	19,966	3,106	16,610	286,663	93,400	51,992	145,392	432,055
Total expenses	<u>\$ 457,903</u>	<u>\$ 4,951,900</u>	<u>\$ 7,081,701</u>	<u>\$ 2,307,411</u>	<u>\$ 8,007,405</u>	<u>\$ 390,241</u>	<u>\$ 346,085</u>	<u>\$ 1,383,132</u>	<u>\$ 24,925,778</u>	<u>\$ 2,869,297</u>	<u>\$ 1,163,450</u>	<u>\$ 4,032,747</u>	<u>\$ 28,958,525</u>

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

**The Catholic Charities of the Diocese of Arlington, Inc.**  
**Statement of Functional Expenses**  
**For the year ended June 30, 2023**

	Program Services								Supporting Services			Total 2023	
	Adoption & Children Services	Counseling & Health	Food & Emergency Assistance	Hogar Immigrant Services	Migrant & Refugee Services	Parish & Community Engagement	Senior Services	Transformational Housing	Total Program Services	Management and General	Fundraising		Total Supporting Services
Expenses													
Compensation	\$ 429,186	\$ 1,494,018	\$ 1,468,783	\$ 1,671,894	\$ 3,946,308	\$ 220,926	\$ 229,387	\$ 1,037,077	\$ 10,497,579	\$ 1,978,135	\$ 86,137	\$ 2,064,272	\$ 12,561,851
Direct nonfinancial assistance (Inkind)	-	2,129,066	3,389,405	11,646	27,283	4,000	7,702	10,205	5,579,307	-	11,868	11,868	5,591,175
Direct financial assistance (Cash)	3,425	876	880,404	2,814	1,769,688	68,709	2,676	19,309	2,747,901	138	-	138	2,748,039
Occupancy	49,828	169,651	342,001	230,554	387,468	51,860	51,312	132,292	1,414,966	223,561	1,500	225,061	1,640,027
Professional fees	5,811	50,719	19,277	10,796	43,338	10,023	1,656	6,361	147,981	402,254	439,284	841,538	989,519
Supplies	1,641	86,065	77,090	28,823	71,547	1,694	7,538	31,593	305,991	38,067	206,143	244,210	550,201
Printing & publications	1,084	3,129	10,246	40,831	7,262	1,157	165	1,681	65,555	2,796	115,757	118,553	184,108
Travel	10,844	7,810	71,694	10,081	86,054	1,164	880	2,294	190,821	-	511	511	191,332
Telephone & internet	9,797	34,312	21,202	26,414	44,546	1,125	5,599	16,215	159,210	8,581	-	8,581	167,791
Postage & handling	386	320	1,977	5,456	506	1,897	218	131	10,891	6,462	33,790	40,252	51,143
Rental & maintenance	1,699	13,717	8,636	12,786	12,759	1,367	3,396	7,806	62,166	5,607	-	5,607	67,773
Conferences, conventions	1,567	4,981	2,360	4,769	6,810	675	4,063	2,273	27,498	14,558	-	14,558	42,056
Depreciation	-	11,979	33,821	5,851	3,358	-	5,620	92,735	153,364	30,761	18,385	49,146	202,510
Miscellaneous	18,350	56,039	20,166	72,731	62,227	22,062	6,147	13,188	270,910	63,385	58,564	121,949	392,859
Total expenses	<u>\$ 533,618</u>	<u>\$ 4,062,682</u>	<u>\$ 6,347,062</u>	<u>\$ 2,135,446</u>	<u>\$ 6,469,154</u>	<u>\$ 386,659</u>	<u>\$ 326,359</u>	<u>\$ 1,373,160</u>	<u>\$ 21,634,140</u>	<u>\$ 2,774,305</u>	<u>\$ 971,939</u>	<u>\$ 3,746,244</u>	<u>\$ 25,380,384</u>

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

# **The Catholic Charities of the Diocese of Arlington, Inc.**

## **Notes to the Financial Statements**

### **For the years ended June 30, 2024 and 2023**

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#### **1. Nature of operations**

The Catholic Charities of the Diocese of Arlington, Inc. (Catholic Charities) was incorporated in 1977 under the provisions of Chapter 2 of the Code of the Commonwealth of Virginia. The Bishop of Arlington (the Ordinary) is the sole member of the corporation which has a Board of Directors (Board) with an authorized membership of up to 21 persons. Formerly, under Catholic Charities of Northern Virginia, which had roots in the community since 1947, the Catholic Charities was created to improve the scope and impact of services to 21 counties and seven independent cities in Northern Virginia.

Catholic Charities was organized to conduct, coordinate, develop and promulgate programs and activities concerned with the personal, economic and social welfare needs of families, children and individuals in the Catholic Diocese of Arlington, Virginia (Diocese). Catholic Charities, while separate and apart from the Central Administrative Office of the Catholic Diocese of Arlington (the Chancery), conducts programs in cooperation with, and parallel to, certain Diocesan programs.

Catholic Charities serves the poor, disenfranchised, disadvantaged, and vulnerable through programs operating at twenty sites. Work is performed by a staff of about 218 employees and more than 2,200 volunteers.

#### **2. Basis of presentation and summary of significant accounting policies**

##### **Basis of accounting and presentation**

The financial statements of Catholic Charities are prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles in the United States of America.

##### **Cash and cash equivalents**

Non-operating cash/funds are invested in the Diocesan Investment and Loan (DIAL) fund. The DIAL Corporation represents a cooperative savings and loan program established for the mutual benefit of the Diocese's members, including Catholic Charities. Total cash deposited in the DIAL fund was \$16,918,784 and \$17,077,939 at June 30, 2024 and 2023, respectively, with interest income earned at 2.00%. For the year ended June 30, 2024, the DIAL Board approved a one-time, additional 2% interest payment. All funds on deposit in DIAL may be withdrawn on demand.

##### **Receivables**

Receivables are stated at the amount management expects to collect from outstanding balances. Catholic Charities provides for probable uncollectible amounts through a provision for credit loss expense and an adjustment to a valuation allowance based on its assessment of the status of accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and credit to accounts receivable. Accounts receivable are not collateralized.

**The Catholic Charities of the Diocese of Arlington, Inc.**  
**Notes to the Financial Statements**  
**For the years ended June 30, 2024 and 2023**

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**2. Basis of presentation and summary of significant accounting policies (Continued)**

**Investments**

Realized and unrealized gains and losses from securities in a master pooled investment account, managed by the Diocese, are allocated monthly to the individual pool participants based on the relationship of the market value of each pool participant to the total market value of the master pooled investment account, as adjusted for additions to or deductions from those accounts.

**Investment valuation and beneficial interest in investment trust**

The Catholic Investment Trust of Arlington (CITA) was established as a nontaxable grantors' trust for the purpose to hold, invest, preserve, reinvest and manage contributions for participating affiliates (grantors), including Catholic Charities (Note 4). Catholic Charities' beneficial interest (investment) in the CITA is stated at fair value, determined by the separate account maintained for Catholic Charities which is credited for additions and allocated investment gains and charged for withdrawals and allocated investment losses and expenses.

**Fixed assets**

Fixed assets, consisting of office furnishings and equipment, leasehold improvements and automobiles, are capitalized at cost when purchased or at fair value at date of gift, when donated. Gains and losses on dispositions of fixed assets are recognized in operations in the year of disposition.

Depreciation of fixed assets is provided using the straight-line method over estimated useful lives of 3 to 20 years. Leasehold improvements are amortized over the shorter of their estimated useful lives or the remaining term of the lease. It is the general policy of Catholic Charities to capitalize all expenditures for property and equipment more than \$5,000.

**Leases**

Catholic Charities leases certain space, copiers, and vehicles. Catholic Charities determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and lease liabilities on the statements of financial position. Finance leases are included in financing lease right-of-use (ROU) assets and lease liabilities on the statements of financial position.

ROU assets 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. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As leases do not provide an implicit rate, Catholic Charities uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that Catholic Charities will exercise that option. Lease expenditure for lease payments is recognized on a straight-line basis over the lease term. Catholic Charities has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position.

# **The Catholic Charities of the Diocese of Arlington, Inc.**

## **Notes to the Financial Statements**

### **For the years ended June 30, 2024 and 2023**

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#### **2. Basis of presentation and summary of significant accounting policies (Continued)**

Catholic Charities has elected to separate nonlease components from lease components and accounts for each lease component and nonlease component as a separate lease component.

In evaluating contracts to determine if they qualify as a lease, Catholic Charities considers factors such as if Catholic Charities has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

#### **Income taxes**

Catholic Charities is exempt from federal and state income tax under provisions of Section 501(c)(3) of the Internal Revenue Code and related provisions of the Commonwealth of Virginia. Catholic Charities is not subject to the filing requirements of the Form 990. Catholic Charities is subject to tax to the extent it has taxable unrelated business income. Catholic Charities has no unrelated business income and accordingly, no provision for income taxes is provided in the accompanying financial statements. Catholic Charities believes that it has appropriate support for any tax provisions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

#### **Revenue recognition**

Revenue is recognized as the performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Catholic Charities. Revenue for performance obligations satisfied over time is recognized based on the service period of the contract. Catholic Charities measures the performance obligation from these particular services from the beginning of the performance period to the completion of services provided. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided and Catholic Charities does not believe they are required to provide additional goods or services to the client.

Catholic Charities has performance obligations that are satisfied at a point in time as well as over a specific time period. Counseling, Adoption, and Legal Service Fee performance obligations are on an hourly basis and are satisfied on the day of the services performed. Remedial and English Education performance obligations are satisfied over the period that the education service is provided. All other program fees are recognized as revenue as the services are being performed and the performance obligations are satisfied. If Legal, Education or Counseling Services collect fees before the service is provided at fiscal year end, they are recorded as deferred revenue and reported under Liabilities in the statements of financial position.

A portion of Catholic Charities revenue is derived from cost-reimbursable contracts and grants. Amounts received are recognized as earned and are reported as revenue when the Catholic Charities has incurred expenditures in compliance with specific contract or grant provisions. If amounts are received but not yet earned, they are recorded as deferred revenue and reported under Liabilities in the statements of financial position.

# **The Catholic Charities of the Diocese of Arlington, Inc.**

## **Notes to the Financial Statements**

### **For the years ended June 30, 2024 and 2023**

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#### **2. Basis of presentation and summary of significant accounting policies (Continued)**

Catholic Charities has several awarded cost-reimbursable contracts and grants that extend beyond the agency's fiscal year end. As of June 30, 2024, these contracts and grants have approximately \$4.7 million in available funds for which qualifying expenditures have not yet been incurred or billed. These funds are a combination of federal, state and local sources with various contract terms and conditions. The revenues will be earned and recognized in the future fiscal year once qualifying expenditures are incurred.

All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

#### **Contributed goods and services**

Catholic Charities is the recipient of many non-cash contributions, which are then given to needy individuals and families throughout the Northern Virginia area. For financial statement purposes, Catholic Charities has elected to record donated goods and services as contribution revenue. Program expenses or assets are recorded when an in-kind donation is made at the fair value of the goods and services at the date of the gift. For the years ended June 30, 2024 and 2023, amounts of \$6,527,330 and \$5,591,175, respectively, were recorded as both Contributions of Nonfinancial Assistance (Inkind) revenue and program expense in the accompanying statements of activities. None of the Contributions of Nonfinancial Assistance (In-Kind) were restricted by donors for the years ended June 30, 2024 and 2023.

Catholic Charities received \$3.6 million and \$3.4 million in donated food for emergency services in fiscal year 2024 and 2023, respectively. Catholic Charities records the value of donated food using the Feeding America standard rate. Catholic Charities received \$2.8 million and \$2.1 million in donated medical services, medical volunteer time, and donated medical office space in fiscal year 2024 and 2023, respectively. Catholic Charities records the value of donated medical services and volunteer time using the fair market value of laboratory services and labor rates from the US Bureau of Labor Statistics for Virginia for Healthcare Practitioners. Catholic Charities records the fair market value of donated medical space. Legal and other donated services are valued using reported hours and US Bureau of Labor, Bureau of Labor Statistics for Virginia. Other volunteer time is valued at the rate for Virginia as reported by IndependentSector.org. Non-food donations, such as diapers and hygiene items are valued using a standard "basket of goods" value per pound. Gift cards are valued at face value. Other miscellaneous donations, such as vehicle donations, and donated furniture or supplies are valued based on available market prices and other available standards as appropriate. Donor receipts are provided for all accepted non-cash donations in compliance with Internal Revenue Code guidelines.

#### **Functional expenses**

Expenses have been allocated to the functional programs and supporting services. Identified costs are charged based on actual costs incurred. Indirect costs are allocated based on the ratio of time and effort in direct support of the programs and supporting services, including expenses such as compensation, professional fees, and occupancy.

# The Catholic Charities of the Diocese of Arlington, Inc.

## Notes to the Financial Statements

### For the years ended June 30, 2024 and 2023

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#### 2. Basis of presentation and summary of significant accounting policies (Continued)

##### **Estimates**

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles (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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### **Concentration of credit risk**

Financial instruments which potentially subject Catholic Charities to a concentration of credit risk consist primarily of its cash and cash equivalents and accounts receivable. Cash and cash equivalents include demand deposits maintained at various financial institutions in the United States. The total deposits at these institutions at times exceed the amount guaranteed by federal agencies and therefore bear some risk since they are not collateralized. Cash on deposit with financial institutions exceeded the federally insured limit by \$149,969 and \$-0- as of June 30, 2024 and 2023. Catholic Charities has not experienced losses on these funds. Most of the accounts receivable are due from individuals who are clients of Catholic Charities and government agencies. The amount due from two government agencies comprised 79% and 34% of the total accounts receivable at June 30, 2024 and 2023, respectively. Catholic Charities has not experienced significant losses related to the accounts receivable.

##### **Classification of net assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restriction – Net assets without donor restrictions include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by Board designation. These net assets of Catholic Charities consisted only of undesignated net assets, which are funds currently available to support the Catholic Charities daily operations.

Nets Assets With Donor Restriction – Net assets with donor restrictions are those net assets where the donor has restricted use of the funds for a specific purpose or by time. These funds may be either restricted by the donor in perpetuity or released for future use by meeting the restriction imposed by the donor.

##### **Subsequent events**

In preparing these financial statements, Catholic Charities has evaluated events and transactions for potential recognition or disclosure through December 10, 2024, the date the financial statements were available to be issued.



# The Catholic Charities of the Diocese of Arlington, Inc.

## Notes to the Financial Statements

### For the years ended June 30, 2024 and 2023

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#### 2. Basis of presentation and summary of significant accounting policies (Continued)

##### **Fair value measurements**

Catholic Charities measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Catholic Charities may use valuation techniques consistent with the market, income and cost approaches to measure fair value.

The inputs used to measure fair value are categorized into the following three categories:

Level 1 Inputs – Unadjusted quoted prices in active markets for identical assets or liabilities such as stocks and government bonds.

Level 2 Inputs – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Inputs – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or other valuation techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

##### **Inventory**

Inventory is comprised of donated and purchased goods held for donation and distribution and is stated at lower of cost or net realizable value. The total inventory at hand totaled \$30,689 and \$-0- as of June 30, 2024 and 2023, respectively.

##### **Adoption of New Accounting Standard**

The Organization has adopted Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU 2016-13), *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Organization's financial position or change in net assets.

**The Catholic Charities of the Diocese of Arlington, Inc.**  
**Notes to the Financial Statements**  
**For the years ended June 30, 2024 and 2023**

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**3. Accounts receivable**

Accounts receivable are as follows as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Migration and refugee grants	\$ 1,237,359	\$ 1,287,793
Program services	24,390	20,574
Cars.Com	3,255	18,700
City of Alexandria	89,092	44,411
Virginia Association of Free Clinic	61,093	76,672
Bequests Receivable	136,212	2,363,474
Accounts receivable other	25,839	37,469
Total accounts receivable	<u>1,577,240</u>	<u>3,849,093</u>
Less: Allowance for credit losses	<u>(15,635)</u>	<u>(17,666)</u>
Total accounts receivable, net	<u><u>\$ 1,561,605</u></u>	<u><u>\$ 3,831,427</u></u>

**4. Investments**

Investments are stated at fair value and consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Beneficial interest in the Catholic Investment Trust of Arlington	<u>\$ 19,607,762</u>	<u>\$ 17,961,318</u>

Investments held for long-term purposes are invested in the Catholic Investment Trust of Arlington (CITA). CITA was established as a nontaxable grantors' trust for the purpose to hold, invest, preserve, reinvest, and manage contributions of participating affiliates (grantors), including Catholic Charities. Although assets are pooled for investment purposes, separate accounts are maintained for each grantor, credited for additions and allocated investment gains and charged for withdrawals and allocated investment losses and expenses, and current asset valuations attributable to each grantor. The CITA invests in a diverse portfolio comprised of cash, cash equivalents, fixed instruments, equities and alternative investments under the direction of the Trustees with powers granted them under the Master Trust Agreement.

Catholic Charities invests in a variety of investment securities and therefore is subject to various risks such as interest rate, credit and overall market volatility risk. Due to continuing market risk and fluctuations, it is reasonably possible that significant changes in investment values will occur in the near term that could materially affect the amounts reported in the statement of financial position and the results of operations.

**The Catholic Charities of the Diocese of Arlington, Inc.**  
**Notes to the Financial Statements**  
**For the years ended June 30, 2024 and 2023**

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**4. Investments (Continued)**

In accordance with ASC 820, Catholic Charities has organized its financial instruments based on the priority of the inputs to the valuation technique into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities (Level 1), observable market-based inputs or unobservable inputs that are corroborated by market data (Level 2), and the lowest priority to unobservable inputs (Level 3). Financial Assets that are carried at fair value are categorized based on the inputs to the valuation techniques.

The investment in CITA is considered a Level 3 investment as Catholic Charities holds a beneficial interest in the Trust in proportion to its contributions and allocated investment income or loss. Information is available to Catholic Charities and other grantors regarding the CITA's investment policy, asset holdings, performance and third-party audit results, subject to the terms and conditions of the Master Trust Agreement. Catholic Charities shall upon reasonable notice and at its discretion request withdrawals from their allocable interest in the CITA. Purchases of this level three investment for the years ended June 30, 2024 and 2023, were \$-0- and \$-0-, respectively. Distributions from this level three investment for the years ended June 30, 2024 and 2023, were \$729,000 and \$710,000, respectively.

Due to the inherent uncertainty involving assumptions and estimation methods, the fair value of the investments may differ materially from actual results.

**5. Fixed assets**

Fixed assets consist of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Office furnishings and equipment	\$ 523,593	\$ 469,115
Computer hardware	133,025	116,083
Computer software	101,977	101,977
Automobiles	495,986	495,986
Leasehold improvements	1,350,320	1,339,805
Capital leases	66,711	66,711
Total fixed assets	<u>2,671,612</u>	<u>2,589,677</u>
Less: accumulated depreciation	<u>(2,089,639)</u>	<u>(1,914,133)</u>
Total fixed assets, net	<u>\$ 581,973</u>	<u>\$ 675,544</u>

Depreciation expense was \$175,511 and \$171,749 for the years ended June 30, 2024 and 2023, respectively. Of the total fixed assets listed above, \$1,039,048 and \$850,438 were fully depreciated at June 30, 2024 and 2023, respectively.

**The Catholic Charities of the Diocese of Arlington, Inc.**  
**Notes to the Financial Statements**  
**For the years ended June 30, 2024 and 2023**

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**6. Pension**

Through December 31, 2004, Catholic Charities had a noncontributory defined benefit pension plan. The plan provides benefits calculated at 1.25% of the final average salary multiplied by the employees' credited service, plus 0.65% of any excess of the final average salary over the Social Security average yearly wage multiplied times credited service. Final average salary is the average of the highest three consecutive years' salary during the last ten calendar years of service. Pension expense is determined using the projected unit credit cost method. The plan was valued as of January 1, 2005. Due to the plan freeze, there were no salary projections after December 31, 2004.

The primary objective in the investment policy for the pension plan is to achieve long-term growth of capital and to increase purchasing power relative to inflation. The total return objective is to exceed the rate of inflation by 5% per annum. To accomplish these objectives, 60% of the assets should be invested in common stock and 40% should be invested in fixed income securities. Equity exposure may range from approximately 50% up to 70% of account assets.

To develop the expected long-term rate of return on assets assumption, Catholic Charities considered the current level of expected returns on risk free investments, the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. The expected long term rates of return were 6.5% and 6.2% respectively for the years ended June 30, 2024 and 2023.

The plan assets consist of the following as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Equity securities	85.5%	74.7%
Debt securities	11.5%	22.7%
Other	3.0%	2.6%
	<u>100.0%</u>	<u>100.0%</u>

Plan assets can be further broken down into the following subclasses: money market funds, taxable bonds, individual U.S. equities, U.S. equities mutual funds, mid cap growth funds, mid cap core funds, small cap core funds, and international equities mutual funds.

The net periodic pension cost for the years ended June 30, 2024 and 2023 includes the following components:

	<u>2024</u>	<u>2023</u>
Service cost	\$ 20,000	\$ 20,000
Interest cost	171,497	162,550
Expected return on plan assets	(182,379)	(175,258)
Amortization of loss	26,295	53,197
Net periodic pension cost	<u>\$ 35,413</u>	<u>\$ 60,489</u>

**The Catholic Charities of the Diocese of Arlington, Inc.**  
**Notes to the Financial Statements**  
**For the years ended June 30, 2024 and 2023**

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**6. Pension (Continued)**

The following table sets forth the Plan's funded status as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Change in benefit obligation		
Projected benefit obligation at beginning of year	\$ 3,426,539	\$ 3,648,218
Service cost	20,000	20,000
Interest cost	171,497	162,550
Benefits and expenses paid	(301,898)	(291,397)
Actuarial (gain) loss	(50,859)	(112,832)
Projected benefit obligation	<u>3,265,279</u>	<u>3,426,539</u>
Change in plan assets		
Fair value of plan assets at beginning of year	2,996,571	3,016,447
Return on plan assets (less expenses)	398,638	271,521
Benefits and expenses paid	(301,898)	(291,397)
Fair value of plan assets at end of year	<u>3,093,311</u>	<u>2,996,571</u>
Accrued pension cost at end of year	<u>\$ 171,968</u>	<u>\$ 429,968</u>

Catholic Charities recognized a change in its minimum liability of (\$293,413) and (\$262,292) as of June 30, 2024 and 2023, respectively. The minimum pension liability represents the accumulated benefit obligation more/less than the fair value of the plan's assets. The accumulated benefit obligation was \$3,265,279 and \$3,426,539 as of June 30, 2024 and 2023, respectively.

Assumptions used to determine the year-end benefit obligation are as follows:

	<u>2024</u>	<u>2023</u>
Discount rate	5.60%	5.30%
Salary scale increases	N/A	N/A
Expected long-term rate of return on assets	6.50%	6.20%

**The Catholic Charities of the Diocese of Arlington, Inc.**  
**Notes to the Financial Statements**  
**For the years ended June 30, 2024 and 2023**

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**6. Pension (Continued)**

Fair values of the plan's assets measured on a recurring basis by level at June 30, 2024 are as follows:

	<u>Fair Value</u>	<u>Quote Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Short-term investments	\$ 92,589	\$ 92,589	\$ -	\$ -
Equities	1,791,994	1,791,994	-	-
Mutual funds	1,208,728	1,208,728	-	-
Total	<u>\$ 3,093,311</u>	<u>\$ 3,093,311</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values of the plan's assets measured on a recurring basis by level at June 30, 2023 are as follows:

	<u>Fair Value</u>	<u>Quote Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Short-term investments	\$ 78,897	\$ 78,897	\$ -	\$ -
Equities	1,038,042	1,038,042	-	-
Mutual funds	1,879,632	1,879,632	-	-
Total	<u>\$ 2,996,571</u>	<u>\$ 2,996,571</u>	<u>\$ -</u>	<u>\$ -</u>

Contributions to be made to the defined benefit plan in 2024 are not expected.

Estimated future benefit payments over the next ten years are as follows:

2025	\$ 387,131
2026	383,736
2027	377,067
2028	369,849
2029	361,274
2030 through 3034	1,166,259

Effective January 1, 2005, all employees are covered under a defined contribution plan. The contribution amount is calculated at an annual rate of 4% of eligible employees' annual salary. Contributions were made monthly. A liability of \$31,971 and \$24,735 was recognized as of June 30, 2024 and 2023, respectively.

**The Catholic Charities of the Diocese of Arlington, Inc.**  
**Notes to the Financial Statements**  
**For the years ended June 30, 2024 and 2023**

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**7. Annuity**

In 2000, Catholic Charities was named as the beneficiary of an annuity trust. Catholic Charities does not expect to collect any contribution, based on Internal Revenue Service actuarial tables using discount rates which represent the risk-free rate in existence at the date of the gift. The liability to the annuitant was greater than the investment value of the trust resulting in a liability position of \$75,533 and \$77,256 for the years ended June 30, 2024 and 2023, respectively. The gain/(loss) resulting from the change in actuarial assumptions is recorded as an income/(expense) in the accompanying statements of activities and was \$1,723 and \$12,272 for the years ended June 30, 2024 and 2023, respectively.

**8. Leases - ASC 842**

Catholic Charities leases equipment as well as certain operating and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2029 and provide for renewal options ranging from 12 months to seven years. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

The following table provides quantitative information concerning the Organization's leases:

	<u>2024</u>	<u>2023</u>
Lease Costs:		
Finance Lease Cost:		
Amortization of Right-of-Use Assets	\$ 59,083	\$ 30,761
Interest on Lease Liabilities	10,391	5,706
Operating Lease Cost	<u>1,293,021</u>	<u>1,069,221</u>
Total Lease Costs	<u>\$ 1,362,495</u>	<u>\$ 1,105,688</u>
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Finance Leases	\$ 10,391	\$ 5,706
Operating Cash Flows from Operating Leases	\$ 1,275,396	\$ 1,023,208
Financing Cash Flows from Finance Leases	\$ 54,802	\$ 27,798
Right-of-Use Assets Obtained in Exchange for		
New Operating Lease Liabilities	\$ 933,664	\$ 4,442,036
Weighted-Average Remaining Lease		
Term - Finance Leases	4.2 years	5.2 years
Weighted-Average Remaining Lease		
Term - Operating Leases	3.1 years	3.9 years
Weighted-Average Discount Rate - Finance Leases	3.94%	3.54%
Weighted-Average Discount Rate - Operating Leases	3.36%	2.97%

**The Catholic Charities of the Diocese of Arlington, Inc.**  
**Notes to the Financial Statements**  
**For the years ended June 30, 2024 and 2023**

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**8. Leases - ASC 842 (Continued)**

The Organization classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024 is as follows:

<u>Year Ending December 31,</u>	<u>Financing Leases</u>	<u>Operating Leases</u>
2025	\$ 72,322	\$ 1,324,550
2026	72,322	1,031,848
2027	72,322	768,425
2028	50,909	441,030
2029	24,279	12,830
Thereafter	5,799	-
Total Lease Payments	<u>297,953</u>	<u>3,578,683</u>
Less: Interest	<u>(23,951)</u>	<u>(178,424)</u>
Present Value of Lease Liabilities	<u><u>\$ 274,002</u></u>	<u><u>\$ 3,400,259</u></u>

**9. Related party transactions**

Catholic Charities receives funds from the Diocese each year, which consists of an annual Christmas donation and an operating contribution. These payments totaled \$2,462,804 and \$2,373,852 in the years ended June 30, 2024 and 2023, respectively.

Catholic Charities was the recipient of \$62,075 and \$12,058 in gifts and interest from the Leadership Gift Initiative for fiscal years 2024 and 2023, respectively. All amounts were for program needs.

Catholic Charities reimburses the Diocese for costs administered by the Diocese but are in whole Catholic Charities expenses. Reimbursements to the Diocese totaled \$2,885,620 and \$2,502,225 through June 30, 2024 and 2023, for Personnel & Benefits, Rent, Technology, Accounting, and Communications support. The amounts owed to the Chancery for these expenses were \$36,299 and \$30,939 as of June 30, 2024 and 2023, respectively.

Catholic Charities subleases office space from the Chancery, which leases office space from 200 North Glebe Road, Inc. Rent expense for this office space was \$236,683 and \$228,726 for the years ended June 30, 2024 and 2023, respectively.

Catholic Charities occasionally advertises in the Arlington Catholic Herald. Total advertising expense paid to the Arlington Catholic Herald was \$33,716 and \$30,653 for the years ended June 30, 2024 and 2023, respectively. The amounts owed to the Herald for these expenses were \$1,467 and \$1,792 as of June 30, 2024 and 2023, respectively.



**The Catholic Charities of the Diocese of Arlington, Inc.**  
**Notes to the Financial Statements**  
**For the years ended June 30, 2024 and 2023**

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**9. Related party transactions (Continued)**

Non-operating cash/funds are invested in the Diocesan Investment and Loan (DIAL) fund. The DIAL Corporation represents a cooperative savings and loan program established for the mutual benefit of the Diocese's members, including Catholic Charities. Total cash deposited in the DIAL fund was \$16,918,784 and \$17,077,939 at June 30, 2024 and 2023, respectively, with interest income earned at 2.00%. For the year ended June 30, 2024, the DIAL Board approved a one-time, additional 2% interest payment. All funds on deposit in DIAL may be withdrawn on demand.

Catholic Charities has investments maintained in a master pooled investment account managed by the Catholic Investment Trust of Arlington (CITA). The amount Catholic Charities has invested in the master pooled investment account as of June 30, 2024 and 2023 is \$19,607,762 and \$17,961,318, respectively. Realized and unrealized gains and losses from securities in the master pooled investment account, managed by the CITA, are allocated monthly to the individual pool participants based on the relationship of the market value of each pool participant to the total market value of the master pooled investment account, as adjusted for additions to or deductions from those accounts.

**10. Net assets with donor restrictions**

Net Assets With Donor Restriction by purpose restriction and endowment fund as of June 30, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Adoption & Children Services	\$ 14,746	\$ 18,668
Counseling & Health	423,366	615,436
Food & Emergency Assistance	409	305,249
Hogar Immigrant Services	2,190	813,195
Migration and Refugee Services	129,679	101,600
Senior Services	2,326	2,326
Transformational Housing	2,767,270	2,804,464
Other	33,841	239,509
Endowment - Subject to Board Appropriation	10,073,815	8,427,371
Endowment - Held Perpetually	10,251,506	10,246,437
Total	<u>\$ 23,699,148</u>	<u>\$ 23,574,255</u>

**The Catholic Charities of the Diocese of Arlington, Inc.**  
**Notes to the Financial Statements**  
**For the years ended June 30, 2024 and 2023**

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**11. Endowments**

Net assets associated with endowment funds, including funds designated by the Diocesan Bishop to function as endowment funds, are classified and reported based on the existence of donor-imposed restrictions.

Endowments are for the following purposes at June 30:

	<u>2024</u>	<u>2023</u>
Client Services	\$ 1,249,311	\$ 1,244,242
General Operations	9,002,195	9,002,195
Original Endowment Corpus	10,251,506	10,246,437
Endowment Earnings Subject to		
Board Appropriation	10,073,815	8,427,371
Total	<u>\$ 20,325,321</u>	<u>\$ 18,673,808</u>

**Interpretation of relevant law**

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) has been interpreted as requiring the preservation of fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Because of this interpretation, Catholic Charities classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is expended according to the specific purposes set forth by the donors. In accordance with UPMIFA, Catholic Charities considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the funds
2. The purposes of Catholic Charities and the donor-restricted endowment funds
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of Catholic Charities
7. The investment policies of Catholic Charities

**Funds with deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted funds may fall below the level that the donor or UPMIFA requires Catholic Charities to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2024 and 2023.

**The Catholic Charities of the Diocese of Arlington, Inc.**  
**Notes to the Financial Statements**  
**For the years ended June 30, 2024 and 2023**

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**11. Endowments (Continued)**

**Investment return objectives, risk parameters and strategies**

Catholic Charities has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution ranging from 4% to 5%, while growing the funds if possible. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

**Spending policy**

Distributions from three funds are made in accordance with the donors' imposed stipulations that require a certain percentage of earnings to be retained to increase the value of the corpus and the remainder to be used for specific purposes. Where there is not a donor stipulated spending policy Catholic Charities has a policy of appropriating for distribution each year 4% of its endowment fund average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, Catholic Charities considered the long-term expected return on its investment assets. Catholic Charities expects the current spending policy to allow its endowment funds to grow at a nominal average rate of between 3% and 4% annually. This is consistent with Catholic Charities objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment returns.

Endowment net asset composition by type of fund as of June 30, 2024 is as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>		
		<b>Subject to Board Appropriation</b>	<b>Endowment Given in Perpetuity</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 10,073,815	\$ 10,252,825	\$ 20,326,640
Endowment major gifts receivable	-	-	(1,319)	(1,319)
Total funds	\$ -	\$ 10,073,815	\$ 10,251,506	\$ 20,325,321

**The Catholic Charities of the Diocese of Arlington, Inc.**  
**Notes to the Financial Statements**  
**For the years ended June 30, 2024 and 2023**

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**11. Endowments (Continued)**

Endowment net asset composition by type of fund as of June 30, 2023 is as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>		
		<b>Subject to Board Appropriation</b>	<b>Endowment Given in Perpetuity</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 8,427,371	\$ 10,247,756	\$ 18,675,127
Endowment major gifts receivable	-	-	(1,319)	(1,319)
Total funds	<u>\$ -</u>	<u>\$ 8,427,371</u>	<u>\$ 10,246,437</u>	<u>\$ 18,673,808</u>

**Donor-restricted endowment**

Changes in donor-restricted endowment net assets as of June 30, 2024 are as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>		
		<b>Subject to Board Appropriation</b>	<b>Endowment Given in Perpetuity</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ -	\$ 8,427,371	\$ 10,247,756	\$ 18,675,127
Contributions	-	-	-	-
Investment income (loss)	-	2,375,444	5,069	2,380,513
Amounts satisfying purpose restriction	-	(729,000)	-	(729,000)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 10,073,815</u>	<u>\$ 10,252,825</u>	<u>\$ 20,326,640</u>

Changes in donor-restricted endowment net assets as of June 30, 2023 are as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>		
		<b>Subject to Board Appropriation</b>	<b>Endowment Given in Perpetuity</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ -	\$ 7,015,696	\$ 10,243,650	\$ 17,259,346
Contributions	-	-	-	-
Investment income (loss)	-	2,121,675	4,106	2,125,781
Amounts satisfying purpose restriction	-	(710,000)	-	(710,000)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 8,427,371</u>	<u>\$ 10,247,756</u>	<u>\$ 18,675,127</u>

**The Catholic Charities of the Diocese of Arlington, Inc.**  
**Notes to the Financial Statements**  
**For the years ended June 30, 2024 and 2023**

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**12. Liquidity**

Catholic Charities is substantially supported by Contributions, Diocesan Support, Government Grants, Program Fees and Investment Income for its ongoing annual operations. Financial assets that are not available to fund current operations include contributions with donor restrictions and investments that are illiquid or have scheduled redemptions exceeding one year. Contributions restricted by the donor for specific purposes or time periods cannot be utilized until the restriction is met. Time-restricted assets unavailable for current operations include donor contributions to the corpus of endowments, which are considered restricted in perpetuity (see Note 11 regarding endowments).

Financial assets available to fund general expenditures within one year were as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Cash & cash equivalents	\$ 17,187,406	\$ 17,155,341
Investments	19,607,762	17,961,318
Accounts receivable, net	1,561,605	3,831,427
Total financial assets	<u>38,356,773</u>	<u>38,948,086</u>
Less those unavailable for general expenditure within one year, due to:		
Restricted by donor with purpose restrictions	(615,044)	(2,141,664)
Subject to spending policy appropriation	(10,073,815)	(8,427,371)
Quasi-endowment fund	(2,758,783)	(2,758,783)
Restricted by donor in perpetuity	<u>(10,251,506)</u>	<u>(10,246,437)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 14,657,625</u>	<u>\$ 15,373,831</u>

**The Catholic Charities of the Diocese of Arlington, Inc.**  
**Notes to the Financial Statements**  
**For the years ended June 30, 2024 and 2023**

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**13. Service fee revenue**

Service fees of the Catholic Charities consisted of the following for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Program Service Fees		
Point in Time:		
Counseling	\$ 288,981	\$ 298,287
Pregnancy & Adoption	157,252	159,942
Legal Services	102,550	97,053
Other	43,738	39,117
Total Point in Time	<u>592,521</u>	<u>594,399</u>
Over Time:		
Remedial and English Education	<u>119,448</u>	<u>97,847</u>
Total Program Service Fees	<u>\$ 711,969</u>	<u>\$ 692,246</u>

Receivables related to the above program service fees were \$24,390, \$20,574, and \$26,693 for the years ended June 30, 2024, 2023, and 2022, respectively.



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

Board of Directors  
The Catholic Charities of the Diocese of Arlington, Inc.  
Arlington, Virginia

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 financial statements of The Catholic Charities of the Diocese of Arlington, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2024.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered The Catholic Charities of the Diocese of Arlington, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Catholic Charities of the Diocese of Arlington, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Catholic Charities of the Diocese of Arlington, Inc.'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. However, material weaknesses or significant deficiencies may exist that were not identified.

Board of Directors  
The Catholic Charities of the Diocese of Arlington, Inc.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether The Catholic Charities of the Diocese of Arlington, Inc.'s 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 financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Arlington, Virginia  
December 10, 2024





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

Board of Directors  
The Catholic Charities of the Diocese of Arlington, Inc.  
Arlington, Virginia

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited The Catholic Charities of the Diocese of Arlington, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on The Catholic Charities of the Diocese of Arlington, Inc.'s major federal program for the year ended June 30, 2024. The Catholic Charities of the Diocese of Arlington, Inc.'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 Catholic Charities of the Diocese of Arlington, Inc., complied, in all material respects, with the 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 (GAAS); 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 Catholic Charities of the Diocese of Arlington, Inc., 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 its major federal program. Our audit does not provide a legal determination of The Catholic Charities of the Diocese of Arlington, Inc.'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 Catholic Charities of the Diocese of Arlington, Inc.'s federal programs.

### ***Auditors' Responsibilities 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 Catholic Charities of the Diocese of Arlington, Inc.'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 GAAS, *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 Catholic Charities of the Diocese of Arlington, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Catholic Charities of the Diocese of Arlington, Inc.'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 Catholic Charities of the Diocese of Arlington, Inc.'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 Catholic Charities of the Diocese of Arlington, Inc.'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**

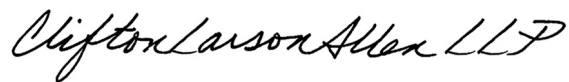
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Board of Directors  
The Catholic Charities of the Diocese of Arlington, Inc.

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 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, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance 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.



**CliftonLarsonAllen LLP**

Arlington, Virginia  
December 10, 2024

**The Catholic Charities of the Diocese of Arlington, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2024**

Federal Grantor/Pass Through Grantor/Program Title	ALN Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>Department of State</b>				
US conference of Catholic Bishops Reception and Placement	19.510	QWGGY6WKJH25	N/A	\$ 2,463,649
<b>Total Department of State</b>				<u>2,463,649</u>
<b>Department of Health &amp; Human Services</b>				
US Conference of Catholic Bishops				
Refugee and Entrant Assistance - Voluntary Agency	93.567	QWGGY6WKJH25	N/A	442,319
Family Reunification Program	93.676	QWGGY6WKJH25	N/A	606,073
Preferred Communities	93.576	QWGGY6WKJH25	N/A	149,317
Preferred Communities (Ukraine)	93.576	QWGGY6WKJH25	N/A	60,601
				<u>1,258,310</u>
Vera Institute of Justice - Unaccompanied Alien Children Program	93.676	EKBPFWMJ11Z5	N/A	3,315
Acacia - Unaccompanied Alien Children Program	93.676	CAJ4W5QGK9	N/A	7,892
				<u>11,207</u>
Commonwealth of Virginia				
Refugee and Entrant Assistance - State Administered	93.566	HCJYJKUX9N9	N/A	1,485,480
Student Achievement Program	93.566	HCJYJKUX9N9	N/A	173,434
Preventative Health Project	93.566	HCJYJKUX9N9	N/A	220,314
Service to Older Refugees	93.566	HCJYJKUX9N9	N/A	88,186
Mentoring Youth in Virginia Program	93.566	HCJYJKUX9N9	N/A	156,363
Afghan Supplemental Appropriation - Refugee Resettlement Services	93.566	HCJYJKUX9N9	N/A	1,585,676
Afghan Supplemental Appropriation - Student Achievement Program	93.566	HCJYJKUX9N9	N/A	201,729
Afghan Supplemental Appropriation - Health & Education Outreach Program	93.566	HCJYJKUX9N9	N/A	211,181
Afghan Supplemental Appropriation - Service to Older Refugees Program	93.566	HCJYJKUX9N9	N/A	101,983
Afghan Supplemental Appropriation - Mentoring Youth in VA Outreach Program	93.566	HCJYJKUX9N9	N/A	141,875
				<u>4,366,221</u>
<b>Total Department of Health and Human Services</b>				<u>5,635,738</u>
<b>Department of Agriculture</b>				
Capital Area Food Bank - Emergency Food Assistance	10.569	KDZHJXPCBY6	N/A	211,780
Blue Ridge Area Food Bank - Emergency Food Assistance	10.569	NSP8M17MAWM5	N/A	189,014
<b>Total Department of Agriculture</b>				<u>400,794</u>
<b>Total</b>				<u><u>\$ 8,500,181</u></u>

**The Catholic Charities of the Diocese of Arlington, Inc.  
Schedule of Expenditures of Federal Awards (Continued)  
For the year ended June 30, 2024**

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**NOTE A BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of The Catholic Charities of the Diocese of Arlington, Inc., under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of The Catholic Charities of the Diocese of Arlington, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Catholic Charities of the Diocese of Arlington, Inc.

**NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Catholic Charities of the Diocese of Arlington, Inc., has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**The Catholic Charities of the Diocese of Arlington, Inc.  
 Schedule of Findings and Questioned Costs  
 For the year ended June 30, 2024**

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**Section I – Summary of the Auditors’ Results**

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**Financial Statements**

Type of Auditors' Report Issued: Unmodified

Internal Control over Financial Reporting:

- Material Weakness(es) Identified            Yes       X       No
- Significant Deficiency(ies) Identified  
 not Considered to be Material Weakness(es)            Yes       X       None Reported
- Noncompliance Material to Financial  
 Statements Noted            Yes       X       No

**Federal Awards**

Internal Control over Major Programs:

- Material Weakness(es) Identified            Yes       X       No
- Significant Deficiency(ies) Identified  
 Not Considered to be Material Weakness(es)            Yes       X       None Reported

Type of Auditors' Report Issued on Compliance for  
 the Major Programs: Unmodified

Any audit findings disclosed that are  
 required to be reported in accordance  
 with 2 CFR 200.516(a)?            Yes       X       No

Identification of major programs:

<u>ALN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
19.510	U.S. Refugee Admissions Program

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

Auditee qualified as low-risk auditee?       X       Yes            No

**The Catholic Charities of the Diocese of Arlington, Inc.  
Schedule of Findings and Questioned Costs  
For the year ended June 30, 2024**

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**Section II – Financial Statement Findings**

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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**Section III – Findings and Questioned Costs – Major Federal Programs**

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Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

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**Section IV – Prior Year Major Federal Program Findings**

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There were no findings in the prior year that were required to be reported.



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