

**CATHOLIC CHARITIES OF
ASHTABULA COUNTY
FINANCIAL REPORT
DECEMBER 31, 2019**

CATHOLIC CHARITIES OF ASHTABULA COUNTY

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statement of financial position	3
Statement of activities	4
Statement of functional expenses	5
Statement of cash flows	6
Notes to financial statements	7-14

Independent Auditors' Report

To the Board of Directors
Catholic Charities of Ashtabula County
Ashtabula, Ohio

We have audited the accompanying financial statements of Catholic Charities of Ashtabula County (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities of Ashtabula County as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Catholic Charities of Ashtabula County's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 27, 2019.

In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Meloney + Novotny LLC

Cleveland, Ohio
June 23, 2020

CATHOLIC CHARITIES OF ASHTABULA COUNTY

STATEMENT OF FINANCIAL POSITION

December 31, 2019

(With Comparative Totals at December 31, 2018)

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 179,263	\$ 130,599
Custodial cash - guardianship and payeeship	497,613	407,331
Investments - at fair value	55,153	43,395
Accounts receivable (less allowance for doubtful accounts of \$2,500 in 2019 and 2018)	199,071	156,112
Pledges receivable	29,796	26,877
Prepays	150	1,406
Total current assets	<u>961,046</u>	<u>765,720</u>
PROPERTY AND EQUIPMENT		
Furniture and fixtures	10,711	10,711
Equipment	9,470	9,470
Computers	26,348	23,525
Leasehold improvements	48,945	48,945
	95,474	92,651
Less accumulated depreciation	<u>67,398</u>	<u>64,901</u>
	28,076	27,750
OTHER ASSETS	<u>1,200</u>	<u>1,200</u>
TOTAL ASSETS	<u>\$ 990,322</u>	<u>\$ 794,670</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable - trade	\$ 23,392	\$ 13,774
Accrued payroll and withholdings	31,027	30,755
Other current liabilities	5,061	6,313
Custodial liability - guardianship and payeeship	<u>497,613</u>	<u>407,331</u>
Total current liabilities	557,093	458,173
NET ASSETS		
Without donor restrictions	357,851	297,293
With donor restrictions	75,378	39,204
Total net assets	<u>433,229</u>	<u>336,497</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 990,322</u>	<u>\$ 794,670</u>

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

CATHOLIC CHARITIES OF ASHTABULA COUNTY

STATEMENT OF ACTIVITIES

Year Ended December 31, 2019

(With Comparative Totals for Year Ended December 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
REVENUES, GAINS AND OTHER SUPPORT				
Grant income	\$ 431,753	\$ 31,037	\$ 462,790	\$ 179,492
Catholic Charities Diocese of Youngstown - allocation	425,000		425,000	424,935
- other	45,877		45,877	36,298
Program service fees	335,057		335,057	323,493
Management fee	37,847		37,847	34,653
Contributions	71,151	2,218	73,369	110,052
United Way - allocation	29,796	29,796	59,592	53,755
- other	5,089		5,089	4,321
Fundraising (less direct expense of \$2,056 and \$2,781 for 2019 and 2018, respectively)	28,757		28,757	27,404
Investment return, net	12,610		12,610	(3,756)
Miscellaneous income	56,041		56,041	54,152
Net assets released from restriction	26,877	(26,877)	-	-
Total revenues, gains and other support	<u>1,505,855</u>	<u>36,174</u>	<u>1,542,029</u>	<u>1,244,799</u>
FUNCTIONAL EXPENSES				
Program services	1,263,706		1,263,706	1,052,455
Administrative	160,607		160,607	155,488
Fundraising	20,984		20,984	23,496
Total functional expenses	<u>1,445,297</u>	<u> </u>	<u>1,445,297</u>	<u>1,231,439</u>
CHANGE IN NET ASSETS	60,558	36,174	96,732	13,360
NET ASSETS AT BEGINNING OF YEAR	<u>297,293</u>	<u>39,204</u>	<u>336,497</u>	<u>323,137</u>
NET ASSETS AT END OF YEAR	<u>\$ 357,851</u>	<u>\$ 75,378</u>	<u>\$ 433,229</u>	<u>\$ 336,497</u>

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

CATHOLIC CHARITIES OF ASHTABULA COUNTY

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2019
(With Comparative Totals for Year Ended December 31, 2018)

	Program Services						Administrative	Fundraising	Total	
	Abstinence	Education	Basic	Guardian	Payeeship	Total			2019	2018
	Education		Needs/ Housing							
Salaries	\$ 40,687	\$ 84,797	\$ 182,844	\$ 110,040	\$ 95,805	\$ 514,173	\$ 105,587	\$ 14,478	\$ 634,238	\$ 558,594
Employee benefits	3,589	8,524	48,488	26,404	18,487	105,492	26,260	2,779	134,531	109,262
Payroll taxes	3,874	8,070	16,569	10,118	8,910	47,541	9,550	1,339	58,430	51,461
Total payroll and related benefits	48,150	101,391	247,901	146,562	123,202	667,206	141,397	18,596	827,199	719,317
Advertising	5	4,578	92	52	10	4,737	6		4,743	1,011
Miscellaneous	23	53	828	361	3,876	5,141	202		5,343	5,159
Occupancy	3,916	8,522	22,469	10,465	14,395	59,767	4,664	1,685	66,116	63,705
Postage	213	235	646	1,026	3,386	5,506	645	136	6,287	6,587
Printing	55	280	871	436	146	1,788	107		1,895	3,139
Professional fees	1,320	3,374	15,345	3,907	3,012	26,958	2,064		29,022	26,045
Program support		34,618				34,618			34,618	30,059
Specific assistance			389,221	7,050		396,271			396,271	316,809
Subscriptions and journals				50		50	325		375	506
Supplies	3,413	6,489	6,399	2,336	3,287	21,924	2,277	480	24,681	18,367
Staff development	637	1,177	2,030	1,750	475	6,069	1,850		7,919	4,442
Technology and support	857	3,052	7,770	3,456	6,569	21,704	885		22,589	21,887
Telephone	189	776	1,121	1,374	404	3,864	527	87	4,478	4,597
Travel	1,411	811	1,315	4,566		8,103	1,691		9,794	7,040
Cost of direct benefit to donors						-		2,056	2,056	2,781
Total expenses before depreciation	60,189	165,356	696,008	183,391	158,762	1,263,706	156,640	23,040	1,443,386	1,231,451
Depreciation						-	3,967		3,967	2,769
Total expenses by function	60,189	165,356	696,008	183,391	158,762	1,263,706	160,607	23,040	1,447,353	1,234,220
Less expenses net against revenues:										
Cost of direct benefit to donors						-		(2,056)	(2,056)	(2,781)
Total expenses included in the expense section on the statement of activities	<u>\$ 60,189</u>	<u>\$ 165,356</u>	<u>\$ 696,008</u>	<u>\$ 183,391</u>	<u>\$ 158,762</u>	<u>\$ 1,263,706</u>	<u>\$ 160,607</u>	<u>\$ 20,984</u>	<u>\$ 1,445,297</u>	<u>\$ 1,231,439</u>

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

CATHOLIC CHARITIES OF ASHTABULA COUNTY

STATEMENT OF CASH FLOWS

Year Ended December 31, 2019

(With Comparative Totals for Year Ended December 31, 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 96,732	\$ 13,360
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	3,967	2,769
Unrealized (gain) loss on investments	(9,125)	4,970
(Increase) decrease in:		
Accounts receivable	(42,959)	(54,792)
Pledges receivable	(2,919)	3,235
Prepays	1,256	(926)
Increase (decrease) in:		
Accounts payable - trade	9,618	6,032
Accrued payroll and withholdings	272	4,880
Other current liabilities	<u>(1,252)</u>	<u>(2,376)</u>
Net cash provided (used) by operating activities	55,590	(22,848)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(2,633)	(20,000)
Purchase of property and equipment	<u>(4,293)</u>	<u>(10,000)</u>
Net cash used by investing activities	<u>(6,926)</u>	<u>(30,000)</u>
CHANGE IN CASH	48,664	(52,848)
CASH AT BEGINNING OF YEAR	<u>130,599</u>	<u>183,447</u>
CASH AT END OF YEAR	<u>\$ 179,263</u>	<u>\$ 130,599</u>

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

CATHOLIC CHARITIES OF ASHTABULA COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

- A. Organization – Catholic Charities of Ashtabula County (the "Agency") is a nonprofit agency which provides various social welfare services to Ashtabula County residents, as determined necessary by the local board of directors of the Agency and approved by the Catholic Diocese of Youngstown. The Diocese of Youngstown Catholic Charities Corporation is the sole corporate member of the Agency and, therefore, has a controlling financial interest in the Agency. The accompanying financial statements include the accounts of the Agency only.
- B. Adoption of New Accounting Standards – In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The update addresses accounting and disclosures related to the recognition of revenue considering the unique aspects of an entity's performance obligations under contracts with customers. The Agency adopted the new standard effective January 1, 2019 using the modified retrospective approach. The adoption had no cumulative effect on beginning net assets as of January 1, 2019 and did not materially impact revenue for the year ending December 31, 2019.

In July 2018, the Financial Accounting Standards Board issued ASU 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance clarifies the definition of an exchange transaction and the criteria for evaluating whether contributions are unconditional or conditional. The Agency adopted ASU 2018-08 during the year ended December 31, 2019 using the modified prospective transition method. The guidance did not have an impact on the Agency's financial statements.

- C. Basis of Presentation – Net assets and support and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Agency and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor-imposed stipulations.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Agency and/or the passage of time. There are no net assets subject to donor-imposed permanent stipulations with the Agency at December 31, 2019 and 2018.

- D. Comparative Financial Information – The financial statements include certain prior-year summarized comparative information in total but not by net asset class or by functional expense allocation. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended December 31, 2018, from which the summarized information was derived.
- E. Use of Estimates – The preparation of financial statements in conformity with 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.

CATHOLIC CHARITIES OF ASHTABULA COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1. Summary of Significant Accounting Policies (Continued)

- F. Cash – Cash consists of checking, savings, money market accounts and separate bank accounts for the HALO and Just Faith programs. Cash is maintained at financial institutions and may at times exceed federally-insured amounts.
- G. Custodial Cash and Liability - Guardianship and Payeeship – Custodial cash and liabilities consist of guardianship and payeeship accounts for which the Agency serves as the fiscal agent. The purpose of this arrangement with clients is to enhance their money management skills. Although funds are expended regularly, large fluctuations can occur as the Agency either begins a new guardianship of an estate or a guardianship of an estate ceases, normally due to the death of the ward.
- H. Investment – As required by GAAP, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Investment return includes interest, dividends and realized and unrealized gains and losses, net of investment fees.
- I. Accounts Receivable – The Agency provides for uncollectible accounts using the allowance method. The Agency estimates an allowance based on its review of delinquent receivables and an assessment of the Agency's historical evidence of collections. Accounts receivable are primarily due from governmental entities and are recorded at their net realizable value.
- J. Pledges Receivable – The Agency recognizes contributions as revenue in the period in which the pledge (promise to give) is received. All pledges are expected to be received within one year. The Agency provides for uncollectible pledges receivable using the allowance method. The Agency estimated an allowance for uncollectible pledges based on its review of delinquent pledges and an assessment of the Agency's historical evidence of collections. At December 31, 2019 and 2018, no allowance was considered necessary.
- K. Property and Equipment – Property and equipment are stated at cost if purchased or fair value on the contribution date if donated. Depreciation is computed for financial statement purposes principally on the straight-line method over the estimated useful lives of the related assets.

Expenditures for major renewals and betterments which extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

- L. Federal Income Taxes – In a ruling dated March 25, 1946, the IRS held that the agencies and instrumentalities and all educational, charitable and religious institutions operated, supervised or controlled by or in connection with the Roman Catholic Church in the United States, its territories or possessions appearing in *The Official Catholic Directory* 1946 (the "Directory") are entitled to exemption from Federal income tax under the provisions of section 101(6) of the Internal Revenue Code of 1939, which corresponds to section 501(c)(3) of the 1986 Code. This ruling has been updated annually to cover the activities added to or deleted from the Directory. The Agency is listed in the Directory.

CATHOLIC CHARITIES OF ASHTABULA COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1. Summary of Significant Accounting Policies (Continued)

- M. **Uncertain Tax Positions** – The preparation of financial statements in conformity with GAAP requires the Agency to report information regarding its exposure to various tax positions taken by the Agency. The Agency has determined whether any tax positions have met the recognition threshold and has measured the Agency's exposure to those tax positions. Management believes that the Agency has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Any interest or penalties assessed to the Agency would be recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.
- N. **Concentrations of Credit Risk** – Financial instruments which potentially subject the Agency to concentrations of credit risk consist primarily of accounts receivable. Concentration of credit risk with respect to receivables is limited due to the number of entities comprising the Agency's receivable base. Generally, the Agency does not require collateral or other security to support accounts receivable.
- O. **Donated Services** – The Agency received a substantial amount of services donated by its volunteers in carrying out its mission. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition as required by GAAP.

	<u>2019</u>	<u>2018</u>
Number of volunteers	148	173

- P. **Grants and Contributions** – Grants and contributions received are recorded as without donor restrictions or with donor restrictions 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 restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. For the years ended December 31, 2019 and 2018, the Agency released \$26,877 and \$50,112, respectively, in net assets with donor restrictions for the operations and general purposes of the Agency.

A portion of the Agency's revenue is derived from cost-reimbursable government grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Agency has incurred expenditures in compliance with specific grant provisions. As of December 31, 2019, government grants totaling \$514,710 have not been recognized in the accompanying financial statements because the conditions on which they depend have not been met.

- Q. **Revenue Recognition** – Program service fee revenues are recognized as performance obligations are completed. Revenues are related to social services provided to clients and recognized at the point the service occurs at the rate agreed to with the third party payor. Amounts included in program service fees total \$335,057 and \$323,493 for the years ended December 31, 2019 and 2018, respectively. For the years ended December 31, 2019 and 2018, program service fee revenues were derived from the following third party payors:

CATHOLIC CHARITIES OF ASHTABULA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1. Summary of Significant Accounting Policies (Continued)

Q. Revenue Recognition (Continued)

	<u>2019</u>	<u>2018</u>
Title XX	\$ 67,906	\$ 67,046
Senior Levy	59,729	59,729
OCTF	49,044	47,082
PRC	46,785	54,486
HUD	37,745	48,951
Title V	22,541	21,138
CCMEP	11,360	3,113
CHIP	10,627	-
Other	<u>29,320</u>	<u>21,948</u>
 Total program service fees	 <u>\$ 335,057</u>	 <u>\$ 323,493</u>

The Agency has entered into an agreement with a sister Catholic Charities organization to provide management and other accounting services. Fees for these services are based on time spent and are recognized over time.

R. Fair Value of Financial Instruments – The Agency estimates the fair value of financial instruments using available market information and other generally accepted valuation methodologies. Fair value is defined as the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The inputs used to measure fair value are classified into three levels:

- Level 1 – Quoted prices in active markets for identical investments
- Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by the market data
- Level 3 – Unobservable inputs in which little or no market data exists

The asset's or liability's fair value measurement level is based on the lowest level of any input that is significant to the fair value measurement.

The valuation methods used for financial instruments may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. There have been no changes in the methodologies used from 2018 to 2019. Furthermore, while the Agency believes the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

CATHOLIC CHARITIES OF ASHTABULA COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1. Summary of Significant Accounting Policies (Continued)

R. Fair Value of Financial Instruments (Continued)

The following tables set forth by level within the fair value hierarchy the Agency's financial assets that were accounted for at fair value on a recurring basis as of December 31:

	2019			Total
	Level 1	Level 2	Level 3	
Investments - mutual funds	\$ 55,153	\$ -	\$ -	\$ 55,153

	2018			Total
	Level 1	Level 2	Level 3	
Investments - mutual funds	\$ 43,395	\$ -	\$ -	\$ 43,395

Mutual funds – The Agency invests in equity and fixed income mutual funds with quoted prices in active markets that are considered Level 1 inputs.

- S. Advertising – The Agency participates in various advertising and marketing programs. All costs related to marketing and advertising the Agency's services are expensed in the period incurred. Advertising costs charged to operations were \$4,743 and \$1,011 in 2019 and 2018, respectively.
- T. Functional Expenses – The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and technology, which are allocated on a full-time employee basis, as well as salaries, employee benefits and payroll taxes, which are allocated on the basis of estimates of time and effort.
- U. Subsequent Events – The Agency has evaluated subsequent events through June 23, 2020, which is the date these financial statements were available to be issued, and has determined that there are no subsequent events that require disclosure, except for that described in Note 8.
- V. Reclassifications – Certain reclassifications have been made to conform to the current year presentation.

CATHOLIC CHARITIES OF ASHTABULA COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2. Liquidity

The table below presents financial assets available for general expenditures within one year at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cash (net of funds to be utilized beyond one year)	\$ 178,588	\$ 129,924
Investments	55,153	43,395
Accounts receivable, net	199,071	156,112
Pledges receivable	<u>29,796</u>	<u>26,877</u>
	<u>\$462,608</u>	<u>\$356,308</u>

The Agency considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. The Agency manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Agency has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 90 days' operating expenses. To achieve these targets, the Agency forecasts its future cash flows and monitors its liquidity monthly. During the years ended December 31, 2019 and 2018, the level of liquidity and reserves was managed within the policy requirements.

Note 3. Related Party Transactions

The Agency is affiliated with the Catholic Diocese of Youngstown and other sister Catholic Charities organizations. The Catholic Diocese of Youngstown administers employee benefits (including health insurance, life insurance, unemployment and workers' compensation) and property insurance for the Agency. For the years ended December 31, 2019 and 2018, the Agency paid the Catholic Diocese of Youngstown \$113,840 and \$91,432, respectively. The Agency received \$425,000 and \$424,935 in contribution allocations from the Catholic Charities Diocese of Youngstown in 2019 and 2018, respectively. The Agency also received funds from fundraising efforts from the Catholic Charities Diocese of Youngstown amounting to \$45,877 and \$36,298 in 2019 and 2018, respectively.

The Agency received \$37,017 and \$33,373, net of miscellaneous reimbursements, for providing accounting and other management services to a sister Catholic Charities organization for the years ending 2019 and 2018, respectively.

CATHOLIC CHARITIES OF ASHTABULA COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 4. Net Assets With Donor Restrictions

Net assets with donor restrictions are designated for the following purposes as of December 31:

	<u>2019</u>	<u>2018</u>
Subject to passage of time:		
United Way pledge receivable	\$ 29,796	\$ 26,877
Subject to expenditure for specified purpose:		
Ashtabula Foundation grant	20,000	-
FINRA Foundation grant	11,037	-
Special events - HALO	13,870	11,652
Just Faith program	<u>675</u>	<u>675</u>
	<u>45,582</u>	<u>12,327</u>
Total net assets with donor restrictions	<u>\$ 75,378</u>	<u>\$ 39,204</u>

Note 5. Operating Leases

The Agency leases its facility and office equipment under operating leases that expire at various times through March 2022. The following is a summary of future minimum rental payments required under operating leases that have initial or remaining non-cancellable terms in excess of one year as of December 31, 2019:

2020	\$ 55,277
2021	14,092
2022	159

Rent expense for the leased facility and office equipment amounted to \$66,116 and \$63,705 for the years ending December 31, 2019 and 2018, respectively.

Note 6. Employee Benefit Plan

The Agency participates in a 403(b) Thrift Plan offered by the Diocese of Youngstown Catholic Charities Corporation. Eligible employees may contribute a percentage of compensation up to the maximum allowed under the Internal Revenue Code. The Agency is required to contribute a 5% employer based contribution for all eligible employees. The plan does not allow for matching contributions. During the years ended December 31, 2019 and 2018, the Agency contributed \$30,452 and \$25,717, respectively.

Note 7. Funds Held in Trust

A trust called the "Catholic Charities of Ashtabula County Endowment Fund" was established by the Roman Catholic Diocese of Youngstown Foundation for the benefit of the Agency. The Agency does not have possession or control of this fund and, accordingly, these funds are not included in the statement of financial position. The income earned by this trust is not regularly distributed to the Agency but can be requested for the Agency's programs. Distributions received from the trust are recorded as contributions. The market value of this fund was \$98,191 and \$84,920 at December 31, 2019 and 2018, respectively.

CATHOLIC CHARITIES OF ASHTABULA COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 8. Subsequent Event

Subsequent to year end, physical and economic conditions worldwide have been impacted by the COVID-19 pandemic. There are uncertainties surrounding COVID-19's impact on the economy as a whole and on businesses. There is also uncertainty regarding the positive impact of any federal government relief efforts through the date of this report. Accordingly, the impact of the global pandemic on the operations and financial plans or future results of the Agency is unknown.