

**CATHOLIC CHARITIES OF TENNESSEE, INC.**

**Financial Statements and Supplementary Information**

**June 30, 2021 and 2020**

**(With Independent Auditors' Report Thereon)**



# CATHOLIC CHARITIES OF TENNESSEE, INC.

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## **INDEPENDENT AUDITORS' REPORT**

The Board of Trustees of  
Catholic Charities of Tennessee, Inc.:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Catholic Charities of Tennessee, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities of Tennessee, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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 audit 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Schedule of Board of Trustees and Management has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on that information.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*LBMC, PC*

Brentwood, Tennessee  
December 3, 2021

**CATHOLIC CHARITIES OF TENNESSEE, INC.**

**Statements of Financial Position**

**June 30, 2021 and 2020**

<b>Assets</b>	<b>June 30, 2021</b>	<b>June 30, 2020</b>
Cash and cash equivalents	\$ 1,052,680	\$ 1,712,418
Annual fund deposits with CCIL	1,786,424	2,265,385
Receivable from the State of Tennessee	906,502	141,689
Receivable from United States Conference of Catholic Bishops	53,587	69,606
Receivable from Metropolitan Government of Nashville	30,920	36,142
Receivable from Office of Refugee Resettlement	654,048	363,818
Receivable from United Way	558,793	551,468
Miscellaneous accounts receivable, net of allowance for doubtful accounts of \$13,110 at June 30, 2021 and 2020	66,566	33,902
Prepaid expenses	22,573	18,010
Equipment and leasehold improvements, net	548,233	610,697
<b>Total assets</b>	<b>\$ 5,680,326</b>	<b>\$ 5,803,135</b>
<b>Liabilities and Net Assets</b>		
Program advance	\$ 116,889	\$ 116,889
Accounts payable and accrued liabilities	1,004,563	621,234
Deferred revenues	98,479	37,333
<b>Total liabilities</b>	<b>1,219,931</b>	<b>775,456</b>
<b>Net assets</b>		
Net assets without donor restrictions		
Designated for:		
Future operations	3,344,441	3,551,439
Physical plant equity	548,233	610,697
Renewal and replacement	87,221	87,221
<b>Total net assets without donor restrictions</b>	<b>3,979,895</b>	<b>4,249,357</b>
Net assets with donor restrictions	480,500	778,322
<b>Total net assets</b>	<b>4,460,395</b>	<b>5,027,679</b>
<b>Total liabilities and net assets</b>	<b>\$ 5,680,326</b>	<b>\$ 5,803,135</b>

See accompanying notes to financial statements

**CATHOLIC CHARITIES OF TENNESSEE, INC.**

**Statements of Activities**

**Years Ended June 30, 2021 and 2020**

	For year ended June 30, 2021			For year ended June 30, 2020		
	Assets without donor restrictions	Assets with donor restrictions	Total	Assets without donor restrictions	Assets with donor restrictions	Total
Support and revenue:						
State of Tennessee grants	\$ 2,758,462	\$ -	\$ 2,758,462	\$ 1,151,633	\$ -	\$ 1,151,633
Service fees	475,115	-	475,115	607,930	-	607,930
Diocesan contributions and grants	579,953	-	579,953	689,856	-	689,856
United States Conference of Catholic Bishops grants	399,602	-	399,602	800,610	-	800,610
Miscellaneous program grants	1,060,915	-	1,060,915	1,586,446	-	1,586,446
Metropolitan Government of Nashville grants	131,751	-	131,751	106,782	-	106,782
Office of Refugee Resettlement grants	4,105,038	-	4,105,038	3,833,719	-	3,833,719
Reimbursement of occupancy expenses	218,014	-	218,014	200,497	-	200,497
Contributions and bequests	946,617	-	946,617	1,008,194	-	1,008,194
United Way allocation and designations	1,121,923	480,500	1,602,423	456,192	778,322	1,234,514
Other	140,376	-	140,376	189,942	-	189,942
In-kind donations	402,861	-	402,861	650,506	-	650,506
Net assets released from restrictions	778,322	(778,322)	-	532,000	(532,000)	-
Total support and revenue	13,118,949	(297,822)	12,821,127	11,814,307	246,322	12,060,629
Expenses:						
Program expenses	11,667,125	-	11,667,125	9,758,013	-	9,758,013
Management and general	1,233,801	-	1,233,801	1,311,913	-	1,311,913
Auxiliary services	315,863	-	315,863	293,737	-	293,737
Fundraising	171,622	-	171,622	115,803	-	115,803
Total expenses	13,388,411	-	13,388,411	11,479,466	-	11,479,466
Increase (decrease) in net assets	(269,462)	(297,822)	(567,284)	334,841	246,322	581,163
Net assets at beginning of year	4,249,357	778,322	5,027,679	3,914,516	532,000	4,446,516
Net assets at end of year	\$ 3,979,895	\$ 480,500	\$ 4,460,395	\$ 4,249,357	\$ 778,322	\$ 5,027,679

See accompanying notes to financial statements

**CATHOLIC CHARITIES OF TENNESSEE, INC.**

**Statements of Functional Expenses**

**Years Ended June 30, 2021 and 2020**

2021											
	Social Services	Pregnancy Counseling and Adoptions	Workforce Development	Immigration and Refugee Services	Tennessee Office for Refugees	Tennessee Serves Neighbors	Total Program Expenses	Management and General	Auxiliary Services	Fundraising	Total
Salaries and benefits	\$ 2,070,175	\$ 291,542	\$ 138,611	\$ 1,557,355	\$ 404,552	\$ 262,353	\$ 4,724,588	\$ 974,666	\$ 49,895	\$ 25,287	\$ 5,774,436
Purchased services	147,671	274,165	14,015	64,351	1,998,317	30,750	2,529,269	120,320	55,426	109,051	2,814,066
Travel	15,378	4,385	33	132,766	156	6,317	159,035	1,717	(13,480)	1,695	148,967
Supplies and materials	36,128	15,408	7,323	48,314	14,616	26,293	148,082	37,537	18,815	29,366	233,800
Conferences	8,096	-	-	1,015	1,912	70	11,093	557	-	50	11,700
Rent / occupancy	233,965	27,091	4,580	130,896	33,772	40,336	470,640	86,725	162,562	1,565	721,492
Subsidies and assistance	2,927,100	22,979	27,375	229,644	399,277	1,203	3,607,578	-	-	930	3,608,508
Other	1,792	5,974	-	775	-	35	8,576	574	150	3,678	12,978
Depreciation and amortization	8,264	-	-	-	-	-	8,264	11,705	42,495	-	62,464
Total functional expenses	\$ 5,448,569	\$ 641,544	\$ 191,937	\$ 2,165,116	\$ 2,852,602	\$ 367,357	\$ 11,667,125	\$ 1,233,801	\$ 315,863	\$ 171,622	\$ 13,388,411

  

2020											
	Social Services	Pregnancy Counseling and Adoptions	Workforce Development	Immigration and Refugee Services	Tennessee Office for Refugees	Tennessee Serves Neighbors	Total Program Expenses	Management and General	Auxiliary Services	Fundraising	Total
Salaries and benefits	\$ 1,535,130	\$ 335,009	\$ 139,544	\$ 1,525,020	\$ 476,286	\$ —	\$ 4,010,989	\$ 996,772	\$ 43,214	\$ 28,980	\$ 5,079,955
Purchased services	165,220	391,348	23,218	49,187	1,772,986	—	2,401,959	140,288	36,178	52,338	2,630,763
Travel	34,709	5,165	1,422	166,592	5,706	—	213,594	2,812	-	433	216,839
Supplies and materials	112,125	19,455	28,087	91,469	26,949	—	278,085	56,776	14,517	28,586	377,964
Conferences	5,474	281	242	6,058	6,132	—	18,187	358	-	-	18,545
Rent / occupancy	206,800	34,057	5,203	149,402	46,918	—	442,380	98,503	154,759	3,775	699,417
Subsidies and assistance	1,180,581	186,734	28,765	522,740	457,124	—	2,375,944	-	-	1,003	2,376,947
Other	167	8,177	-	129	138	—	8,611	1,715	581	688	11,595
Depreciation and amortization	8,264	-	-	-	-	-	8,264	14,689	44,488	-	67,441
Total functional expenses	\$ 3,248,470	\$ 980,226	\$ 226,481	\$ 2,510,597	\$ 2,792,239	\$ -	\$ 9,758,013	\$ 1,311,913	\$ 293,737	\$ 115,803	\$ 11,479,466

See accompanying notes to financial statements

**CATHOLIC CHARITIES OF TENNESSEE, INC.**

**Statements of Cash Flows**

**Years Ended June 30, 2021 and 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (567,284)	\$ 581,163
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	62,464	67,442
Changes in assets and liabilities:		
Receivable from the State of Tennessee	(764,813)	22,753
Receivable from United States Conference of Catholic Bishops	16,019	105,279
Receivable from Metropolitan Government of Nashville	5,222	3,899
Receivable from Office of Refugee Resettlement	(290,230)	138,448
Receivable from United Way	(7,325)	28,958
Miscellaneous accounts receivable, net of allowance	(32,664)	248,971
Prepaid expenses	(4,563)	4,939
Program advance, accounts payable and accrued liabilities	383,329	99,182
Deferred revenues	61,146	7,333
Net cash provided (used) by operating activities	<u>(1,138,699)</u>	<u>1,308,367</u>
Cash flows from investing activity -		
Purchases of annual fund deposits with CCIL, net	<u>478,961</u>	<u>(130,883)</u>
Net increase (decrease) in cash and equivalents	(659,738)	1,177,484
Cash and cash equivalents at beginning of year	<u>1,712,418</u>	<u>534,934</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,052,680</u></u>	<u><u>\$ 1,712,418</u></u>

See accompanying notes to the financial statements



# CATHOLIC CHARITIES OF TENNESSEE, INC.

## Notes to Financial Statements

June 30, 2021 and 2020

### (1) Summary of Significant Accounting Policies

#### (a) Reporting Entity

Catholic Charities of Tennessee, Inc. (the "Corporation" or "Organization" or "Catholic Charities") is a Tennessee not-for-profit corporation which operates charitable and social service programs throughout Tennessee, but primarily Middle Tennessee. Catholic Charities was incorporated in July 1962. The members of the Corporation are the Bishop, the Vicars General, and the Moderator of the Curia for the Catholic Diocese of Nashville. The business and affairs of the Organization are supervised by its Board of Trustees. The Trustees of the Board are appointed by the members of the Corporation.

The accompanying financial statements include programs that are supported by grants from the State of Tennessee, the Metropolitan Government of Nashville and Davidson County, Office of Refugee Resettlement and the United States Conference of Catholic Bishops. These financial statements have been prepared on the accrual basis of accounting.

Catholic Charities was designated by the Office of Refugee Resettlement, a division of U.S. Department of Health and Human Services, to administer refugee resettlement programs in the state of Tennessee. The Tennessee Office for Refugees was created as a program within Catholic Charities of Tennessee to administer Refugee Cash Assistance, Refugee Medical Assistance, Medical Screenings, Social Services, School Impact Grants, and Targeted Assistance Grants to sub-grantee agencies across the state.

The Organization has majority voting control and management responsibilities for St. Mary Villa, Inc. (the "Center"), a child care facility. Under the terms of a management agreement, the Organization is responsible for providing financial and administrative oversight of the Center. Additionally, the Organization has a seat on the board of trustees of the Center, the voting interest of which is equal to one more vote than all other trustees. However, management has determined that the Organization does not have an economic interest in the Center that would require consolidation of the Center with the Organization under generally accepted accounting principles in the United States of America. See footnote 14 for subsequent events related to Centers.

#### (b) Recently adopted accounting standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The guidance eliminates the transaction and industry-specific revenue recognition guidance under current generally accepted accounting principles ("GAAP") and replaces it with a principles-based approach. The core principle of the guidance in ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

# CATHOLIC CHARITIES OF TENNESSEE, INC.

## Notes to Financial Statements

June 30, 2021 and 2020

The five step model defined by ASU 2014-09 requires the Organization to: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation. ASU 2014-09 additionally enhances the required disclosures surrounding the nature, amount, timing and uncertainty of revenues and the associated cash flows arising from contracts with customers, including qualitative and quantitative disclosures about contracts with customers, significant judgments and changes in judgments and assets recognized from the costs to obtain or fulfill a contract.

The Organization adopted this guidance on July 1, 2020 using the modified retrospective method. There was no cumulative effect adjustment to the opening balance of net assets, as the adoption did not result in a change to the Organization's revenue recognition.

### (c) Net Assets

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

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. Catholic Charities has chosen to provide further classification information about net assets without donor restrictions as follows:

Undesignated - Cumulative results from activities which have not been designated by Catholic Charities for specific purposes.

Designated for future operations - Cumulative results from activities which have been designated for future purposes.

Designated for physical plant equity - Net investment in equipment and leasehold improvements.

Designated for renewal and replacement - Amounts designated for future acquisitions of fixed assets or for renewals and repairs.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may be met by actions of Catholic Charities and/or the passage of time or may be maintained in perpetuity.

**CATHOLIC CHARITIES OF TENNESSEE, INC.**

**Notes to Financial Statements**

**June 30, 2021 and 2020**

**(d) Use of Estimates in the Preparation of the Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**(e) Cash, Cash Equivalents, and Annual Fund Deposits with CCIL**

Catholic Charities maintains cash balances on deposit with Catholic Community Investment and Loan, Inc. ("CCIL"). CCIL is a not-for-profit public benefit and charitable corporation established to loan funds to parishes and entities subject to the canonical jurisdiction of the Bishop of Nashville as well as to invest pooled deposits. These cash balances are not insured; however, Catholic Charities has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk related to cash and equivalents.

Catholic Charities considers all cash and highly liquid investments held with original maturities of less than three months to be cash equivalents. Cash and cash equivalents includes checking and savings accounts on deposit with CCIL. Annual fund deposits with CCIL are not considered cash equivalents due to restrictions on withdrawal of those funds.

**(f) Receivables and Credit Policies**

Accounts receivable are from grantors and clients. The carrying amount of accounts receivable is reduced by a valuation allowance, if necessary, which reflects management's best estimate of the amounts that will not be collected. The allowance is estimated based on management's knowledge of grantors and clients, historical loss experience and existing economic conditions.

**(g) Equipment and Leasehold Improvements**

Equipment and leasehold improvements are stated at cost, or fair market value at the date of gift if acquired by donation, net of accumulated depreciation or amortization. Depreciation and amortization is computed on the straight-line basis over the estimated useful lives of the assets. Equipment, furnishings and vehicles are generally depreciated over a period between three and ten years. Leasehold improvements are amortized over the shorter of the estimated useful lives or the term of the lease. Estimated salvage value of assets is zero. The Organization's capitalization policy is to capitalize any expenditures over \$5,000 with a useful life greater than two years.

# CATHOLIC CHARITIES OF TENNESSEE, INC.

## Notes to Financial Statements

June 30, 2021 and 2020

Expenditures for maintenance and repairs are expensed when incurred. Expenditures for renewals or betterments are capitalized. When assets are retired or sold, the cost and the related accumulated depreciation or amortization are removed from the accounts, and the resulting gain or loss is included in operations.

### **(h) Grant and Contributions Revenue**

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period an unconditional promise is received. Contributions with donor-imposed restrictions that are met in the same year as received are reported as revenues in net assets without donor restrictions.

Grant revenue is recognized as expenses are incurred in accordance with the terms of the grant.

Support and revenue are reported as increases in net assets without donor restrictions unless use of the related net assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Realized gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions between the applicable classes of net assets.

### **(i) Revenue From Contracts with Customers**

Effective July 1, 2020, the Organization adopted Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*. Under Topic 606, a contract with a customer is an agreement which both parties have approved, creates enforceable rights and obligations, has commercial substance, and where payment terms are identified and collectability is probable. Once the entity has entered a contract, it is evaluated to identify performance obligations. For each performance obligation, revenue is recognized as control of promised goods or services transfers to the customer in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. The amount of revenue recognized takes into account variable consideration, such as discounts.

The Organization's primary source of revenue from contracts with customers are from service fees relating to counseling. Service fees are paid and recognized at the point in time the services occur. Counselees' enter into an individual contract for each session and rates vary based upon the duration of the counseling sessions.

**CATHOLIC CHARITIES OF TENNESSEE, INC.**

**Notes to Financial Statements**

**June 30, 2021 and 2020**

**(j) Functional Categories**

The costs of programs and supporting service 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 program and supporting services benefited.

The allocation of salaries and other direct and indirect expenditures into functional categories is based upon the amount of time spent in the various functions by Catholic Charities' personnel, space utilized for various functions, and other appropriate bases of allocation.

**(k) Income Taxes**

Catholic Charities is exempt from federal and state income taxes under the provisions of Internal Revenue Code Section 501(c)(3); accordingly, no provision for income taxes has been made in the accompanying financial statements. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. Catholic Charities does not believe there are any material uncertain tax positions and, accordingly, it has not recognized any asset or liability for unrecognized tax benefits.

As of June 30, 2021 and 2020, Catholic Charities had accrued no interest and no penalties related to uncertain tax positions. It is Catholic Charities' policy to recognize interest and/or penalties related to income tax matters in income tax expense. Catholic Charities files U.S. Federal information tax returns. Catholic Charities is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**(l) Impairment of Long-Lived Assets**

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

**CATHOLIC CHARITIES OF TENNESSEE, INC.**

**Notes to Financial Statements**

**June 30, 2021 and 2020**

**(m) New Accounting Standards, Not Yet Adopted**

In February 2016, the FASB issued ASU No. 2016-02, Leases. ASU 2016-02 will generally require recognition in the statement of financial position for all leases with terms that exceed twelve months. The new lease accounting model will continue to reflect two types of leases. Under the new rules, a lessee would account for most existing capital leases as finance leases (that is, recognizing amortization of the right-of-use ("ROU") asset, as well as separately recognizing interest on the lease liability in the statement of operations). Most existing operating leases will remain as operating leases (that is, recognizing a single total lease expense). Both finance leases and operating leases will result in the lessee recognizing a ROU asset and a lease liability. This standard is effective for fiscal years beginning after December 15, 2021 and will be adopted by the Organization for fiscal year 2023. The adoption of ASU 2016-02 will increase total assets and total liabilities. The Organization is currently evaluating the effect of adoption on the Organization's financial statements.

**(2) Liquidity and Availability**

The following table reflects the organization's financial assets as of June 30, 2021 and 2020, reduced by amounts that are not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	<u><b>2021</b></u>	<u><b>2020</b></u>
Cash	\$ 1,052,680	\$ 1,712,418
Annual fund deposit	1,786,424	2,265,385
Accounts and grants receivable	2,203,850	1,162,723
Miscellaneous accounts receivable	<u>66,566</u>	<u>33,902</u>
Financial assets at end of year	5,109,520	5,174,428

Less assets unavailable for general expenditures within one year:

Net assets with donor restrictions	480,500	778,322
Net assets without donor restrictions designated for future operations	3,344,441	3,551,437
Net assets without donor restrictions designated for renewal and replacement	<u>87,221</u>	<u>87,221</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,197,358</u>	<u>\$ 757,448</u>

The net assets designated for certain purposes are not available for general expenditure although these amounts could be made available, if necessary.

**(3) Events Occurring After the Report Date**

The Organization has evaluated events and transactions that occurred between June 30, 2021 and December 3, 2021. which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**CATHOLIC CHARITIES OF TENNESSEE, INC.**

**Notes to Financial Statements**

**June 30, 2021 and 2020**

**(4) Fair Value Measurements**

FASB Accounting Standards Codification ("ASC") 820, *Fair Value Measurement*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The fair values of cash and highly liquid investments, included in cash and cash equivalents, are determined based upon their quoted redemption prices and recent transaction prices of \$1.00 per share (Level 2 inputs), with no discounts for credit quality or liquidity restriction. The Organization does not have any fair value measurements using significant unobservable inputs (Level 3) as of June 30, 2021 or 2020.

**(5) Equipment and Leasehold Improvements**

Equipment and leasehold improvements consist of the following:

	<u>2021</u>	<u>2020</u>
Furnishings	\$ 21,766	\$ 21,766
Furniture/Equipment	66,426	66,426
Vehicles	15,944	15,944
Leasehold improvements	<u>818,052</u>	<u>818,052</u>
	922,188	922,188
Less accumulated depreciation and amortization	<u>373,955</u>	<u>311,491</u>
Equipment and leasehold improvements, net	<u>\$ 548,233</u>	<u>\$ 610,697</u>

**(6) Employee Benefit Plans**

Catholic Charities participates in two retirement plans currently sponsored by the Catholic Diocese of Nashville (the "Diocese"). They are as follows:

**(a) Defined Benefit Pension Plan**

Catholic Charities participates in a non-contributory church defined benefit pension plan which is funded based on the required contribution each year as determined by the Diocesan Lay Retirement Board of Trust of the Diocese. Church pension plans are exempt from compliance with participation, vesting and funding rules of the Employee Retirement Income Security Act of 1974. Contributions to the plan are calculated as a percentage of eligible employees' compensation. Participants vest in all employer contributions to the plan as follows: after three years of service 20%, increasing 20% for each year of additional service until participants are fully vested after seven years of service.

# CATHOLIC CHARITIES OF TENNESSEE, INC.

## Notes to Financial Statements

June 30, 2021 and 2020

Management has determined that the defined benefit pension plan qualifies for treatment as a multi-employer plan under generally accepted accounting principles. Participation in multi-employer pension plans is different from single employer pension plans in the following ways: 1) assets contributed to the multi-employer plan by one employer may be used to provide benefits of employment to other participating employers, 2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers, and 3) if the Organization stops participating in its multi-employer pension plan, it may be required to pay the plan an amount based on the underfunded status of the entire plan.

The following table sets forth the benefit obligations, fair value of plan assets, funded status (in thousands) of the Diocese of Nashville Lay Pension Plan as of January 1, 2021 and 2020 in which Catholic Charities is a participant:

	<u>2021</u>	<u>2020</u>
Pension benefits (in thousands):		
Benefit obligation at end of plan year	\$ (56,721)	\$ (53,936)
Plan assets at fair value at end of plan year	<u>65,829</u>	<u>57,535</u>
Funded Status	<u>\$ 9,108</u>	<u>\$ 3,599</u>

As a multi-employer plan, only the expenses associated with Catholic Charities' employees are reflected in the accompanying financial statements. During 2021 and 2020, Catholic Charities contributed 5% of the eligible employees' compensation to the plan each year which totaled \$202,870 and \$174,870, respectively. The Organization currently has no intention of withdrawing from this multi-employer pension plan.

### **(b) Defined Contribution Benefit Plan**

Catholic Charities participates in a defined contribution plan as a supplement to the defined benefit pension plan. Employees are permitted to contribute up to 100% of their compensation to the defined contribution plan subject to certain Internal Revenue Code limitations. For those employees who contribute at least 3% of their compensation to the plan, Catholic Charities contributes a 100% match of 3% of the employee's compensation. Participants are 100% vested in their elective contributions and the employers' matching contributions.

Contributions to the defined contribution plan were \$107,092 and \$91,792 for the years ended June 30, 2021 and 2020, respectively.

### **(7) Net assets with donor restrictions**

As of June 30, 2021 and 2020, donor restricted net assets of \$4800,500 and \$778,322, respectively, were available for subsequent year operations subject to certain programmatic restrictions.



**CATHOLIC CHARITIES OF TENNESSEE, INC.**

**Notes to Financial Statements**

**June 30, 2021 and 2020**

During 2021 and 2020, net assets released from restrictions related to the utilization of funds restricted to programs.

**(8) Lease Commitments**

The Organization leases certain real property and equipment under arrangements classified as operating leases. Total rent expense under operating leases paid to lessors amounted to \$735,473 and \$731,245 in 2021 and 2020, respectively. Certain lease agreements are with the Diocese and affiliated entities. The Organization also subleases certain property to a related party, the Center. Income from the sublease during 2021 and 2020 was approximately \$218,000 and \$200,000, respectively.

A summary of total rental expenses to the Diocese and affiliated entities for fiscal years 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Catholic Diocese of Nashville	\$ 366,000	\$ 366,000
Holy Name Church	24,815	24,135
St. Vincent de Paul Church	<u>172,990</u>	<u>163,800</u>
	<u>\$ 563,805</u>	<u>\$ 553,935</u>

A summary of approximate net future minimum payments under operating leases as of June 30, 2021 is as follows:

<u>Year</u>	<u>Total</u>
2022	\$ 248,000
2023	105,000
2024	88,000
2025	60,000
2026	<u>8,000</u>
	<u>\$ 509,000</u>

There is no estimated sublease income for fiscal year 2022. See footnote 14 for subsequent events related to Centers. Additionally, it is expected that in the normal course of business, leases that expire will be renewed or replaced by other leases; thus, it is anticipated that future lease payments will not be less than the expense for 2021.

**(9) Grants and Contracts**

Expenditures related to federal and state grants and contracts are subject to adjustment based upon review by the granting agencies. Catholic Charities does not anticipate that adjustments, if any, arising from such reviews will have a material effect on the statement of financial position.

# CATHOLIC CHARITIES OF TENNESSEE, INC.

## Notes to Financial Statements

June 30, 2021 and 2020

### (10) Transactions with Related Parties

Catholic Charities purchases certain services from the Diocese, under separate operating agreements including human resources, software support and maintenance, and payroll services. Fees for these services totaled \$48,668 in 2021 and 2020 and are included in Purchased Services in the statements of functional expenses.

The Organization receives management fees from the Center. Management fees amounted to \$36,000 in 2021 and 2020 and are included in service fees in the statements of activities.

The Organization, on certain occasions, purchases goods or services from companies or organizations that are affiliated with or owned, directly or indirectly, by members of the board of directors. In the opinion of management, such matters are consistent with the application of the conflict of interest policies and procedures adopted by the board and reviewed annually by the audit committee.

### (11) In-Kind Donations

Many individuals volunteer their time and perform a variety of tasks that assist the agency with program services. No amounts have been reflected in the financial statements for these donated services since the volunteers' time does not meet the criteria for recognition under ASC Topic 958, *Not for Profit Entities*. Donated goods and space are recognized in the financial statements at fair market value when received.

### (12) Commitments and Contingencies

Catholic Charities has one program that is subject to grant matching requirements, the Match Grant/Free Case Resettlement program. This program is eligible for a 50% matching requirement, 20% of which must be cash or cash equivalents. The required match for fiscal year 2020 grant was \$185,186 with at least \$9,324 consisting of a cash or cash equivalent match. There was no required match for fiscal year 2021, as it was suspended through September 30, 2021 due to the coronavirus.

### (13) Paycheck Protection Program

During 2020, the Organization was granted a loan from a bank totaling \$952,500 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses. The Organization met all requirements to have the loan forgiven during 2020, therefore this amount was included in revenue on the 2020 Financials. During 2021, the loan was forgiven.

### (14) Subsequent Events

Effective July 1, 2021, the sub-use agreement between the Organization and the Center, expired and was not renewed. Therefore, on the effective date, the Organization ceases to have any voting control or management responsibilities for the Center.

**CATHOLIC CHARITIES OF TENNESSEE, INC.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2021**

CFDA#	Grant Description	Grant Number	Passed Through to Subrecipients	Receivable Balance June 30, 2020	Receipts and Other Reductions	Expenditures	Receivable Balance June 30, 2021
<b>FEDERAL AWARDS</b>							
14.218	U.S. Department of Housing and Urban Development Pass-through from Metropolitan Development and Housing Agency Community Development Block Grant <b>Total Program</b>	MDHA	\$ - -	\$ - -	\$ 20,000 20,000	\$ 28,827 28,827	\$ 8,827 8,827
14.231	U.S. Department of Housing and Urban Development Pass-through from Metropolitan Development and Housing Agency Emergency Solutions Grant Emergency Solutions Grant  Pass-through from Metropolitan Development and Housing Agency Emergency Solution Grant - COVID-19  Pass-through from Metropolitan Development and Housing Agency Emergency Solution Grant Emergency Solution Grant <b>Total Program</b>	MDHA MDHA  MDHA MDHA MDHA	- -  - - -	5,448 -  7,371 - 12,819	5,448 28,926  7,371 13,644 71,638	- 29,560  34,582 - 16,770 80,912	- 634  18,333 - 3,126 22,093
16.575	U.S. Dept. of Justice: Crime Victim Assistance Pass-through from State of Tennessee Department of Finance and Administration Victims of Crime Program - VOCA Victims of Crime Program - VOCA  Victims of Crime Program - VOCA <b>Total Program</b>	Edison # 35784 Edison # 35784  Edison # 43173	- -  -	16,982 -  16,982	16,982 220,984  761,721 999,687	- 246,931  1,136,260 1,383,191	- 25,947  374,539 400,486
16.726	U.S. Dept. of Justice Pass-through from Catholic Charities USA Multi-State Mentoring Program Multi-State Mentoring Program <b>Total Program</b>	2018-JU-FX-0018 2018-JU-FX-0018	- -	4,467 4,467	4,467 31,666 36,133	- 48,205 48,205	- 16,539 16,539
19.510	U.S. Dept. of Health and Human Services: Refugee Assistance Pass-through from United States Catholic Conference of Bishops: Reception & Placement - Nashville Reception & Placement - Nashville <b>Total Program</b>	S-PRMCO-20 and 21-CA-3001 S-PRMCO-21-CA-3001	- - -	20,809 - 20,809	20,809 154,255 175,064	- 191,501 191,501	- 37,246 37,246
21.019	U.S. Department of Treasury CARES Act Fund - COVID-19  Pass through from Metropolitan Government of Nashville and Davidson County Administered by United Way of Greater Nashville Metro Nashville CARES Act Fund - COVID-19 <b>Total Program</b>		- - - -	- - - -	204,246 - 341,225 545,471	202,983 - 341,225 544,208	(1,263) - - (1,263)
84.287C	US Dept. of Education-Office of Elementary and Secondary Education Pass-through from State of Tennessee Department of Education 21st Century Community Learning Centers 21st Century Community Learning Centers <b>Total Program</b>	33109-03318 33109-03318	- - -	66,891 - 66,891	66,891 101,808 168,699	- 257,726 257,726	- 155,918 155,918
93.052	US Dept. of Health and Human Services - Administration on Community Living Pass-through from State of Tennessee Commission on Aging and Disability Development of Elder Abuse Material Development of Elder Abuse Material <b>Total Program</b>	Edison 65774 Edison 65774	- - -	1,063 - 1,063	1,063 7,015 8,078	- 7,015 7,015	- - -
93.556	U.S. Dept. of Health and Human Services - Administration for Children and Families Adoption Opportunities Pass through from Harmony Adoptions of Tennessee, Inc. Administration for Children and Families Adoption Opportunities (ASAP) Administration for Children and Families Adoption Opportunities (FOCUS) <b>Total Program</b>	EDISON 41258 EDISON 41258	- - -	4,246 - 4,246	4,246 2,661 6,907 6,907	- 2,661 2,661 2,661	- - - -

CFDA#	Grant Description	Grant Number	Passed Through to Subrecipients	Receivable Balance June 30, 2020	Receipts and Other Reductions	Expenditures	Receivable Balance June 30, 2021
93.558	U.S. Dept. of Health and Human Services - Administration for Children and Families Pass-through from United Way of Metropolitan Nashville Pass-through from Tennessee Department of Human Services Family Empowerment Program Family Empowerment Program	53938 53938	- -	21,359 -	21,359 72,711	- 72,711	- -
	Pass-through from United Way of Metropolitan Nashville Pass-through from Tennessee Department of Human Services Family Empowerment Program Family Empowerment Program	71719 71719	- -	48,135 -	48,135 526,996	- 602,920	- 75,924
	<b>Total Program</b>		-	<b>69,494</b>	<b>669,201</b>	<b>675,631</b>	<b>75,924</b>
93.566	U.S. Dept. of Health and Human Services: Refugee Resettlement Social Service Tennessee Office for Refugees Tennessee Office for Refugees	20A1TNRCMA 20A1TNRCMA	- -	35,464 -	35,464 355,906	- 408,733	- 52,827
	Tennessee Office for Refugees Tennessee Office for Refugees	20A1TNRCMA 20A1TNRCMA	- -	1,278 -	1,278 397,078	- 399,277	- 2,199
	Tennessee Office for Refugees Tennessee Office for Refugees	20A1TNRCMA 20A1TNRCMA	- -	86,511 -	86,511 154,021	- 235,793	- 81,772
	Tennessee Office for Refugees Tennessee Office for Refugees	1901TNRSOC 1901TNRSOC	- -	145,840 -	145,840 1,569,911	- 1,820,473	- 250,562
	Tennessee Office for Refugees Tennessee Office for Refugees - COVID-19	1901TNRSOC 1901TNRSOC	- -	19,226 -	19,226 250,917	- 293,330	- 42,413
	Tennessee Office for Refugees Tennessee Office for Refugees	1901TNRSOC 1901TNRSOC	- -	7,516 -	7,516 88,954	- 104,200	- 15,246
	Tennessee Office for Refugees Tennessee Office for Refugees	20A1TNRCMA 20A1TNRCMA	- -	24,714 -	24,714 270,600	- 330,768	- 60,168
	Tennessee Office for Refugees	1901TNRSOC	-	-	82,181	125,143	42,962
	Tennessee Office for Refugees Tennessee Office for Refugees	1901TNRSOC 1901TNRSOC	- -	8,776 -	8,776 133,168	- 155,253	- 22,085
	<b>Total Program</b>		<b>1,671,615</b>	<b>329,325</b>	<b>3,632,061</b>	<b>3,872,970</b>	<b>570,234</b>
93.567	U.S. Dept. of Health and Human Services: Refugee Assistance Pass-through from United States Catholic Conference: Match Grant/Free Case Resettlement - Nashville Match Grant/Free Case Resettlement - Nashville	90RV0070-01 1801DCRVMG	- -	48,796 -	48,796 191,760	- 191,278	- (482)
	<b>Total Program</b>		-	<b>48,796</b>	<b>240,556</b>	<b>191,278</b>	<b>(482)</b>
93.576	U.S. Dept. of Health and Human Services - Refugee and Entrant Assistance-Discretionary Grants Tennessee Office for Refugees Tennessee Office for Refugees	90RX0277 90RX0277 and 1901TNRSOC	- -	15,152 -	15,152 75,407	- 107,909	- 32,502
	<b>Total Program</b>		-	<b>15,152</b>	<b>90,559</b>	<b>107,909</b>	<b>32,502</b>
93.583	U.S. Dept. of Health and Human Services: Refugee Resettlement Social Service Tennessee Office for Refugees Tennessee Office for Refugees	90RW0054 90RW0054	- -	19,343 -	19,343 52,674	- 52,674	- -
	Tennessee Office for Refugees	90RW0077	-	-	20,171	71,784	51,613
	<b>Total Program</b>			<b>19,343</b>	<b>92,188</b>	<b>124,458</b>	<b>51,613</b>
93.588	U.S. Department of Health and Human Services Pass-through from State of Tennessee, Department of Human Services Tennessee Serves Neighbors	68089	-	-	89,967	410,264	320,297
	<b>Total Program</b>		-	-	<b>89,967</b>	<b>410,264</b>	<b>320,297</b>
93.590	U.S. Dept. of Justice: Crime Victim Assistance Pass-through from State of Tennessee Department of Children's Services Child Abuse Prevention Services Child Abuse Prevention Services	EDISON 57673 EDISON 57673	- -	3,186 -	3,186 39,566	- 40,000	- 434
	<b>Total Program</b>		-	<b>3,186</b>	<b>42,752</b>	<b>40,000</b>	<b>434</b>

CFDA#	Grant Description	Grant Number	Passed Through to Subrecipients	Receivable Balance June 30, 2020	Receipts and Other Reductions	Expenditures	Receivable Balance June 30, 2021
93.598	U.S. Department of Health and Human Services						
	Pass through from U.S. Committee for Refugees and Immigrants						
	Trafficking Victim Assistance Program	90ZV0137-01-00	-	-	9,669	10,120	451
	Total Program		-	-	9,669	10,120	451
93.658	U.S. Dept. of Health and Human Services - Administration for Children and Families						
	Pass through from State of Tennessee						
	Home Study Services	EDISON 49046	-	41,734	41,734	-	-
	Home Study Services	EDISON 49046	-	-	369,531	399,130	29,599
	Total Program		-	41,734	411,265	399,130	29,599
93.676	U.S. Department of Health and Human Services						
	Pass-through from United States Catholic Conference of Bishops:						
	Safe Passages	SP11-21-13	-	-	-	16,824	16,824
	Pass through from Lutheran Immigration and Refugee Service						
	Safe Release Support Services	90ZU0318	-	6,881	6,881	-	-
	Safe Release Support Services	90ZU0318	-	-	80,213	113,237	33,024
	Total Program		-	6,881	87,094	130,061	49,848
93.870	U.S. Dept. of Health and Human Services - Administration for Children and Families						
	Pass through from State of Tennessee, Department of Health						
	Maternal Infant Health Outreach Worker (MIHOW)	Edison ID 57329	-	11,833	11,833	-	-
	Maternal Infant Health Outreach Worker (MIHOW)	Edison ID 57329	-	-	57,121	57,121	-
	Total Program		-	11,833	68,954	57,121	-
94.006	U.S. Federal Government - Corporation for National and Community Service						
	AmeriCorps National						
	CCUSA-AmeriCorps	16NDHVA001	-	500	500	-	-
	CCUSA-AmeriCorps	18NDHVA001	-	2,512	2,512	-	-
	CCUSA-AmeriCorps	19NDHVA001	-	-	1,620	1,620	-
	Total Program		-	3,012	4,632	1,620	-
97.024	U.S. Department of Homeland Security						
	Emergency Food and Shelter National Board Program						
	Emergency Food and Shelter Program	765200-005	-	-	18,284	18,284	-
	Emergency Food and Shelter Program	765200-005	-	-	10,442	10,442	-
	Emergency Food and Shelter Program	765200-005	-	-	3,747	3,747	-
	Emergency Food and Shelter Program	765200-005	-	-	19,596	19,596	-
	Total Program		-	-	52,069	52,069	-
	Total Federal Awards		\$	1,671,615	\$ 676,033	\$ 7,522,644	\$ 8,616,877
						\$	1,770,266

See accompanying independent auditors' report.

**CATHOLIC CHARITIES OF TENNESSEE, INC.**

**Notes to the Schedule of Expenditures of Federal Awards**

**Year ended June 30, 2021**

**(1) Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Catholic Charities of Tennessee, Inc. (the "Organization") under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the 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"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**(2) Summary of Significant Accounting Policies**

For purposes of the Schedule, expenditures of federal awards are recognized 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.

**(3) Indirect Cost Rate**

The Organization has elected to not use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

**CATHOLIC CHARITIES OF TENNESSEE, INC.**

**Schedule of Board of Trustees and Management**

**Year ended June 30, 2021**

**Board of Trustees**

**Gina Emmanuel, President**

**Greg Pope, Vice President**

**John Brew, Secretary**

**Michael Ratino, Treasurer**

**Brian Bialek**

**Heidi Bundren**

**Sherry Cummings**

**Deanna Dibin**

**Renee Drake**

**Tony Dunning**

**William Farmer**

**Joan Garr Hamrick**

**Deacon Bill Hill**

**Father Mark Hunt**

**Catherine Kelly**

**Mark Lenihan**

**Bill McGugin**

**Jim McIntyre**

**Lissa Renk**

**Patrick Sheehy**

**Leo Silva**

**Drew Tyrer**

**Members of Management**

**Judy Orr, Executive Director**

**Debby Morrow, Financial Services and Contract Compliance Director**

**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***

The Board of Trustees of  
Catholic Charities of Tennessee, Inc.:

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 Catholic Charities of Tennessee, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 3, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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



### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Purpose of this Report

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

*LBMC, PC*

Brentwood, Tennessee  
December 3, 2021

**Independent Auditors' Report on Compliance for Each Major  
Federal Program and on Internal Control Over Compliance  
Required by the Uniform Guidance**

The Board of Trustees of  
Catholic Charities of Tennessee, Inc.:

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

We have audited the compliance of Catholic Charities of Tennessee, Inc. (the "Organization") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

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

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*LBMCP*

Brentwood, Tennessee  
December 3, 2021

CATHOLIC CHARITIES OF TENNESSEE, INC.

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

**SUMMARY OF INDEPENDENT AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u>  </u> yes	<u>  </u> x no
Significant deficiency(ies) identified?	<u>  </u> yes	<u>  </u> x none reported
Noncompliance material to financial statements noted?	<u>  </u> yes	<u>  </u> x no

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?	<u>  </u> yes	<u>  </u> x no
Significant deficiency(ies) identified?	<u>  </u> yes	<u>  </u> x none reported

Type of auditors' report issued on compliance for major program 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 for the Organization for the fiscal year ended June 30, 2021 are:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
16.575	U.S. Department of Justice: Crime Victim Assistance
21.019	U.S. Department of the Treasury: Coronavirus Relief Fund
93.566	Refugee Resettlement Social Service
93.588	Tennessee Serves Neighbors

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

Auditee qualified as low-risk auditee?   x yes   no

**FINANCIAL STATEMENT FINDINGS**

None noted

**FEDERAL AUDIT FINDINGS AND QUESTIONED COSTS**

None noted

**CATHOLIC CHARITIES OF TENNESSEE, INC.**

**Summary Schedule of Prior Audit Findings**

**June 30, 2021**

**Financial Statement Findings**

**There were no prior findings reported**

**Federal Award Findings and Questioned Costs**

**There were no prior findings reported**