



**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE  
OF BOSTON, INC. AND AFFILIATES**

**COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES**

Contents  
June 30, 2023 and 2022

---

	<b><u>Pages</u></b>
<b>Independent Auditor’s Report .....</b>	<b>1 - 1A</b>
<b>Combined Financial Statements:</b>	
Combined Statements of Financial Position .....	2
Combined Statements of Activities and Changes in Net Assets .....	3 - 4
Combined Statements of Cash Flows .....	5
Combined Statements of Functional Expenses .....	6 - 7
Notes to Combined Financial Statements .....	8 - 33

## Independent Auditor's Report

To the Board of Trustees of  
Catholic Charitable Bureau of the Archdiocese of Boston, Inc. and Affiliates:

### **Opinion**

We have audited the combined financial statements of Catholic Charitable Bureau of the Archdiocese of Boston, Inc. and Affiliates (Massachusetts nonprofit corporations) (collectively, the Organization), which comprise the combined statements of financial position as of June 30, 2023 and 2022, and the related combined statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of Catholic Charitable Bureau of the Archdiocese of Boston, Inc. and Affiliates as of June 30, 2023 and 2022, and the changes in their combined net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Emphasis of Matter - Recently Adopted Accounting Pronouncement**

As discussed in Note 2 to the combined financial statements, effective July 1, 2022, the Organization adopted Financial Accounting Standards Board's Accounting Standards Update 2016-02, *Leases (Topic 842)*, using the optional transition method which does not require prior periods to be recast. Our opinion is not modified with respect to that matter.

### **Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

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

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

*AAFCPA, Inc.*

Boston, Massachusetts  
November 7, 2023

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES**Combined Statements of Financial Position  
June 30, 2023 and 2022

<b>Assets</b>	<b>2023</b>	<b>2022</b>
Cash and Cash Equivalents	\$ 7,142,582	\$ 6,214,718
Accounts Receivable, net of allowance of \$68,000 and \$56,000 as of June 30, 2023 and 2022, respectively	4,508,360	3,452,765
Program Service Receivables	1,073,567	736,369
Pledges and Bequests Receivable, net	1,543,878	2,769,065
Investments	17,001,181	16,438,981
Beneficial Interests in Perpetual Trusts	5,107,290	4,855,140
Property and Equipment, net	18,658,656	17,534,291
Right-of-Use Assets - Operating	2,899,373	-
Other Assets	2,442,552	3,868,941
Total assets	<u>\$ 60,377,439</u>	<u>\$ 55,870,270</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable, accrued expenses and other	\$ 4,456,720	\$ 3,913,833
Conditional grant advances	2,192,187	1,395,080
Finance lease obligation	259,040	307,663
Operating lease obligations	2,979,900	-
Mortgage and notes payable	565,037	581,750
Pension benefits liability	1,840,000	2,510,000
Total liabilities	<u>12,292,884</u>	<u>8,708,326</u>
Net Assets:		
Without donor restrictions	30,699,368	28,968,423
With donor restrictions	17,385,187	18,193,521
Total net assets	<u>48,084,555</u>	<u>47,161,944</u>
Total liabilities and net assets	<u>\$ 60,377,439</u>	<u>\$ 55,870,270</u>

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES**

Combined Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Support, Revenue and Gains:</b>			
Program service fees, contract revenue and grants:			
Contract revenue from governmental and other agencies	\$ 26,939,063	\$ -	\$ 26,939,063
Program service fees	4,416,051	-	4,416,051
Grants	4,143,571	-	4,143,571
Total program service fees, contract revenue and grants	<u>35,498,685</u>	<u>-</u>	<u>35,498,685</u>
Contributions and fundraising:			
Contributions and fundraising	6,462,950	508,760	6,971,710
In-kind contributions	3,162,970	-	3,162,970
Contributions from United Way organizations	698,647	14,864	713,511
Contributions from the Roman Catholic Archdiocese of Boston	481,746	-	481,746
Total contributions and fundraising	<u>10,806,313</u>	<u>523,624</u>	<u>11,329,937</u>
Other revenue:			
Investment return appropriated for operations	523,620	-	523,620
Miscellaneous income	44,582	-	44,582
Net assets released from time restrictions	798,089	(798,089)	-
Net assets released from purpose restrictions	1,485,308	(1,485,308)	-
Total other revenue	<u>2,851,599</u>	<u>(2,283,397)</u>	<u>568,202</u>
Total operating support, revenue and gains	<u>49,156,597</u>	<u>(1,759,773)</u>	<u>47,396,824</u>
<b>Operating Expenses:</b>			
Program services:			
Basic Needs	10,761,426	-	10,761,426
Refugee and Immigration	4,690,709	-	4,690,709
Family and Youth Support	20,614,122	-	20,614,122
Adult Education and Workforce Development	5,052,634	-	5,052,634
Total program services	<u>41,118,891</u>	<u>-</u>	<u>41,118,891</u>
Supporting services:			
Management and general	5,721,647	-	5,721,647
Fundraising	1,801,618	-	1,801,618
Total supporting services	<u>7,523,265</u>	<u>-</u>	<u>7,523,265</u>
Total operating expenses	<u>48,642,156</u>	<u>-</u>	<u>48,642,156</u>
Changes in net assets from operations	514,441	(1,759,773)	(1,245,332)
<b>Non-Operating Revenue (Expenses):</b>			
Investment earnings	604,817	747,239	1,352,056
Contributions for long-term purposes - capital	1,006,248	-	1,006,248
Change in fair value of beneficial interests in perpetual trusts	-	252,150	252,150
Endowment contributions	-	111,182	111,182
Pension related changes other than net periodic pension cost	(30,073)	-	(30,073)
Investment earnings appropriated for operations	(364,488)	(159,132)	(523,620)
Changes in net assets	1,730,945	(808,334)	922,611
<b>Net Assets:</b>			
Beginning of year	<u>28,968,423</u>	<u>18,193,521</u>	<u>47,161,944</u>
End of year	<u>\$ 30,699,368</u>	<u>\$ 17,385,187</u>	<u>\$ 48,084,555</u>

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES**

Combined Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2022

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Operating Support, Revenue and Gains:</b>			
Program service fees, contract revenue and grants:			
Contract revenue from governmental and other agencies	\$ 22,236,687	\$ -	\$ 22,236,687
Program service fees	4,073,619	-	4,073,619
Grants	3,259,851	-	3,259,851
Total program service fees, contract revenue and grants	<u>29,570,157</u>	<u>-</u>	<u>29,570,157</u>
Contributions and fundraising:			
Contributions and fundraising	6,907,792	2,209,884	9,117,676
In-kind contributions	3,720,395	-	3,720,395
Contributions from United Way organizations	748,812	-	748,812
Contributions from the Roman Catholic Archdiocese of Boston	739,919	117,005	856,924
Total contributions and fundraising	<u>12,116,918</u>	<u>2,326,889</u>	<u>14,443,807</u>
Other revenue:			
Employee retention tax credit	1,682,822	-	1,682,822
Investment return appropriated for operations	472,090	-	472,090
Miscellaneous income	107,797	-	107,797
Net assets released from time restrictions	1,690,074	(1,690,074)	-
Net assets released from purpose restrictions	805,816	(805,816)	-
Total other revenue	<u>4,758,599</u>	<u>(2,495,890)</u>	<u>2,262,709</u>
Total operating support, revenue and gains	<u>46,445,674</u>	<u>(169,001)</u>	<u>46,276,673</u>
<b>Operating Expenses:</b>			
Program services:			
Basic Needs	11,495,149	-	11,495,149
Refugee and Immigration	3,734,605	-	3,734,605
Family and Youth Support	17,880,554	-	17,880,554
Adult Education and Workforce Development	4,371,888	-	4,371,888
Total program services	<u>37,482,196</u>	<u>-</u>	<u>37,482,196</u>
Supporting services:			
Management and general	4,952,171	-	4,952,171
Fundraising	1,630,338	-	1,630,338
Total supporting services	<u>6,582,509</u>	<u>-</u>	<u>6,582,509</u>
Total operating expenses	<u>44,064,705</u>	<u>-</u>	<u>44,064,705</u>
Changes in net assets from operations	2,380,969	(169,001)	2,211,968
<b>Non-Operating Revenue (Expenses):</b>			
Investment earnings	(468,614)	(1,833,578)	(2,302,192)
Contributions for long-term purposes - capital	209,212	-	209,212
Change in fair value of beneficial interests in perpetual trusts	-	(1,238,643)	(1,238,643)
Endowment contributions	-	500,000	500,000
Pension related changes other than net periodic pension cost	(3,166,073)	-	(3,166,073)
Investment earnings appropriated for operations	<u>(328,471)</u>	<u>(143,619)</u>	<u>(472,090)</u>
Changes in net assets	<u>(1,372,977)</u>	<u>(2,884,841)</u>	<u>(4,257,818)</u>
<b>Net Assets:</b>			
Beginning of year	<u>30,341,400</u>	<u>21,078,362</u>	<u>51,419,762</u>
End of year	<u>\$ 28,968,423</u>	<u>\$ 18,193,521</u>	<u>\$ 47,161,944</u>

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

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES**

Combined Statements of Cash Flows  
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ 922,611	\$ (4,257,818)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	1,340,112	1,270,815
Net change in pension benefits liability	30,000	3,166,000
Net realized and unrealized (gain) loss on investments	(762,256)	2,545,709
Bad debt	64,996	303,576
Change in fair value of beneficial interests in perpetual trusts	(252,150)	1,238,643
Change in discount on pledges and bequests receivable and allowance	(121,545)	(86,685)
Amortization expense of right-of-use assets - operating	(583,178)	-
Non-cash interest expense	127,834	-
Contributions for long-term purposes - capital	(1,006,248)	(209,212)
Endowment contributions	(111,182)	(500,000)
Changes in operating assets and liabilities:		
Accounts receivable	(1,120,591)	(1,431,190)
Program services receivable	(337,198)	138,831
Pledges and bequests receivable	1,096,732	1,236,455
Operating lease obligations	535,871	-
Other assets	1,426,389	(1,802,372)
Accounts payable, accrued expenses and other	569,631	352,200
Conditional grant advances	797,107	1,257,818
Net cash provided by operating activities	<u>2,616,935</u>	<u>3,222,770</u>
<b>Cash Flows from Investing Activities:</b>		
Purchases of investments	(1,020,755)	(1,053,598)
Proceeds from sale of investments	1,220,811	-
Purchase of property and equipment	(2,491,221)	(734,945)
Net cash used in investing activities	<u>(2,291,165)</u>	<u>(1,788,543)</u>
<b>Cash Flows from Financing Activities:</b>		
Cash received - endowment contributions	361,182	250,000
Proceeds from contributions for long-term purposes - capital	1,006,248	209,212
Contribution to pension benefits	(700,000)	(700,000)
Principal payments on mortgage and notes payable	(16,713)	(17,154)
Principal payments on finance lease obligation	(48,623)	(10,609)
Net cash provided by (used in) financing activities	<u>602,094</u>	<u>(268,551)</u>
<b>Net Change in Cash and Cash Equivalents</b>	927,864	1,165,676
<b>Cash and Cash Equivalents:</b>		
Beginning of year	<u>6,214,718</u>	<u>5,049,042</u>
End of year	<u>\$ 7,142,582</u>	<u>\$ 6,214,718</u>
<b>Supplemental Disclosure of Cash and Non-Cash Investing and Financing Activities:</b>		
Cash paid for interest	<u>\$ 27,409</u>	<u>\$ 29,572</u>
Property and equipment included in accounts payable	<u>\$ 200,325</u>	<u>\$ 227,069</u>
Construction in process placed in service	<u>\$ 238,210</u>	<u>\$ 38,379</u>
Investments held by others - purchases	<u>\$ 133,910</u>	<u>\$ 623,675</u>
Property and equipment financed by finance lease	<u>\$ -</u>	<u>\$ 318,272</u>

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



**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES**

Combined Statement of Functional Expenses

For the Year Ended June 30, 2023

(With Summarized Comparative Totals for the Year Ended June 30, 2022)

	2023					2022				
	Program Services				Total Program Services	Supporting Services		Total Expenses	Total Expenses	
Basic Needs	Refugee and Immigrant Services	Family and Youth Support	Adult Education and Workforce Development	Management and General		Fundraising	Total Supporting Services			
<b>Expenses:</b>										
Personnel and related costs	\$ 4,592,800	\$ 2,391,645	\$ 9,991,113	\$ 3,722,172	\$ 20,697,730	\$ 3,859,646	\$ 911,662	\$ 4,771,308	\$ 25,469,038	\$ 22,550,328
Family child care providers	-	-	5,939,743	-	5,939,743	-	-	-	5,939,743	5,366,023
Other expenses	480,102	182,686	1,639,902	185,892	2,488,582	616,227	637,659	1,253,886	3,742,468	3,276,057
In-kind goods and rent	2,886,161	-	217,350	-	3,103,511	21,209	38,250	59,459	3,162,970	3,720,395
Occupancy	934,806	44,454	947,265	578,213	2,504,738	248,285	32,157	280,442	2,785,180	2,245,594
Client assistance	777,740	911,609	36,322	24,864	1,750,535	-	-	-	1,750,535	1,991,960
Supplies	282,180	8,520	1,112,995	284,838	1,688,533	46,389	12,381	58,770	1,747,303	1,134,195
Professional services	536,034	142,315	119,915	32,360	830,624	782,994	131,429	914,423	1,745,047	1,697,457
Depreciation	271,603	49,720	609,517	224,295	1,155,135	146,897	38,080	184,977	1,340,112	1,270,815
Interpreter fees	-	959,760	-	-	959,760	-	-	-	959,760	811,881
<b>Total expenses</b>	<b>\$ 10,761,426</b>	<b>\$ 4,690,709</b>	<b>\$ 20,614,122</b>	<b>\$ 5,052,634</b>	<b>\$ 41,118,891</b>	<b>\$ 5,721,647</b>	<b>\$ 1,801,618</b>	<b>\$ 7,523,265</b>	<b>\$ 48,642,156</b>	<b>\$ 44,064,705</b>

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Combined Statement of Functional Expenses  
For the Year Ended June 30, 2022

	Program Services				Supporting Services			Total Expenses	
	Basic Needs	Refugee and Immigrant Services	Family and Youth Support	Adult Education and Workforce Development	Total Program Services	Management and General	Fundraising		Total Supporting Services
<b>Expenses:</b>									
Personnel and related costs	\$ 4,349,017	\$ 1,694,330	\$ 8,942,230	\$ 3,507,438	\$ 18,493,015	\$ 3,424,538	\$ 632,775	\$ 4,057,313	\$ 22,550,328
Family child care providers	-	-	5,366,023	-	5,366,023	-	-	-	5,366,023
Other expenses	691,451	153,775	1,210,326	137,373	2,192,925	490,638	592,494	1,083,132	3,276,057
In-kind goods and rent	3,447,936	-	213,750	-	3,661,686	21,209	37,500	58,709	3,720,395
Occupancy	886,838	41,792	805,039	297,346	2,031,015	187,520	27,059	214,579	2,245,594
Client assistance	1,089,957	869,082	29,519	625	1,989,183	2,777	-	2,777	1,991,960
Supplies	271,928	8,112	606,149	195,928	1,082,117	47,391	4,687	52,078	1,134,195
Professional services	502,729	102,484	133,060	22,345	760,618	626,100	310,739	936,839	1,697,457
Depreciation	255,293	53,149	574,458	210,833	1,093,733	151,998	25,084	177,082	1,270,815
Interpreter fees	-	811,881	-	-	811,881	-	-	-	811,881
<b>Total expenses</b>	<u>\$ 11,495,149</u>	<u>\$ 3,734,605</u>	<u>\$ 17,880,554</u>	<u>\$ 4,371,888</u>	<u>\$ 37,482,196</u>	<u>\$ 4,952,171</u>	<u>\$ 1,630,338</u>	<u>\$ 6,582,509</u>	<u>\$ 44,064,705</u>

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

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2023 and 2022

---

### 1. OPERATIONS

The Catholic Charitable Bureau of the Archdiocese of Boston, Inc. and Affiliates (collectively, the Organization) is an affiliate of Catholic Social Services, Inc. (CSS), its sole corporate member. CSS is a not-for-profit corporation under the auspices of the Roman Catholic Archdiocese of Boston (RCAB). The following is a summary of affiliates which are included in the Organization's combined financial statements:

*Catholic Charitable Bureau of the Archdiocese of Boston, Inc. (the Agency)*, a Massachusetts not-for-profit corporation under the auspices of the RCAB, provides emergency response and basic needs, family and youth support services, refugee and immigrant services and adult education and workforce development programs.

*West Broadway Community Development Corporation, Inc. (WBCDC)* is a not-for-profit corporation that was organized during fiscal year 2001 for the purpose of owning real estate for the Organization's Shaughnessy Family Center at Laboure. WBCDC commenced operations in October 2002.

*Columbia Road Community Development Corporation, Inc. (CRCDC)* is a not-for-profit corporation that was organized during fiscal year 2005 for the purpose of owning real estate for the Organization's Yawkey Center. CRCDC commenced operations in July 2004.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The Organization prepares its combined financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

#### Principles of Combination

The combined financial statements include the accounts of the Agency and its controlled affiliates, WBCDC and CRCDC. Significant intercompany accounts and transactions among the combined affiliates have been eliminated in preparing the combined financial statements.

#### Recently Adopted Accounting Pronouncement

FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations. Topic 842 amends both lessor and lessee accounting with the most significant change being the requirement for lessees to recognize right-of-use (ROU) assets and lease obligations in the combined statements of financial position for operating leases. The Organization adopted Topic 842 effective July 1, 2022, using the optional transition method provided in ASU 2018-11, *Leases (Topic 842): Targeted Improvements*. Under this transition method, financial information related to years prior to adoption remains as originally reported under the legacy standard, Topic 840. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which allowed the Organization to carry forward the historical lease classification, as well as to skip reassessment of the treatment of initial direct costs and of whether a contract is or contains a lease.

The adoption did not have a material impact on the accompanying combined statement of activities and changes in net assets. As part of the adoption, the Organization also modified its control procedures and processes, none of which materially affected the internal control over financial reporting.

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2023 and 2022

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Recently Adopted Accounting Pronouncement (Continued)

The following table summarizes the accompanying combined statement of financial position line items affected by adopting Topic 842 as of July 1, 2022:

<u>Combined Statement of Financial Position</u>	<u>As Previously Reported</u>	<u>Effect of Adoption</u>	<u>As Adjusted</u>
ROU assets - operating	\$ -	\$ 3,358,945	\$ 3,358,945
Operating lease obligations	\$ -	\$ 3,392,166	\$ 3,392,166
Deferred rent	\$ 33,221	\$ (33,221)	\$ -

#### Reclassifications

Certain amounts in the June 30, 2022 combined financial statements have been reclassified to conform with the June 30, 2023 presentation.

#### Combined Statements of Activities and Changes in Net Assets

The combined statements of activities and changes in net assets present operating revenues and expenses from program activities as changes in net assets from operations. Non-operating activities include endowment contributions, contributions for long term purposes - capital, all investment earnings in excess of the earnings used for operations under the spending policy, changes in the fair value of beneficial interests in perpetual trusts, and amounts recorded in connection with the defined benefit pension plan (see Note 7).

#### Use of Estimates

The preparation of combined financial statements in conformity with U.S. 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 combined financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Net Asset Classifications

##### *Net Assets Without Donor Restrictions*

Net assets without donor restrictions are those net resources that are not subject to donor stipulations. Net assets without donor restriction may be designated for specific purposes by action of the Board of Trustees (see Note 12).

##### *Net Assets With Donor Restrictions*

Net assets with donor restrictions are those net assets whose use by the Organization has been limited by donors for a specific period or purpose. There are certain net assets with donor restrictions that have been restricted by donors to be maintained by the Organization in perpetuity (see Notes 13 and 14).

#### Fair Value Measurements

The Organization follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value represents the price that would be received upon selling an asset or paying to settle a liability in an orderly transaction between market participants.

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2023 and 2022

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fair Value Measurements (Continued)

This fair value guidance establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entities' own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value under this fair value guidance must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

The Agency has no Level 3 assets as of June 30, 2023 and 2022. An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

#### *Investments*

Investments are recorded in the combined statements of financial position at fair value. If a security is directly held by the Organization and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Reported fair values of shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year.

The Organization's investment in a real estate holding trust is valued using other observable inputs, such as market demand for such securities. A summary of inputs used in valuing the Organization's investments as of June 30, 2023 and 2022, is included in Note 3.

Investments - Common Investment Fund (CIF) (see Note 3) represents the Organization's unit holdings in the Common Investment Fund Roman Catholic Archbishop of Boston (the Common Investment Fund), a separate related organization established to provide a common investment pool in which the Organization and other related organizations may participate. The Common Investment Fund invests nearly all of its funds in the RCAB Collective Investment Partnership (the Investment Partnership); the underlying investments of which include equity and fixed-income securities owned either directly or indirectly through mutual funds and separately managed accounts.

The fair value of the Investment Partnership's investments in actively traded domestic and foreign securities listed on securities exchanges is valued by the investment custodian at their last reported sales price (Level 1 input). For those securities, whose prices are not available through independent pricing services, bid price quotations are obtained by the investment custodian from principal market makers in those securities or at fair value as determined in good faith by investment managers and management (Level 3 input).

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2023 and 2022

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Fair Value Measurements** (Continued)

##### *Investments* (Continued)

Investment holdings of private investment entities that are not actively traded are valued by the managers of these entities at the net asset value (NAV) per share, which is used as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2023 and 2022, the Organization had no plans to sell investments at amounts different from NAV. A summary of inputs used in valuing the Agency's investments as of June 30, 2023 and 2022, is included in Note 3.

##### *Beneficial Interests in Perpetual Trusts*

The Organization is a beneficiary of certain trusts that have been established by donors with funds contributed to be held in perpetuity. Under provisions of the trusts, the Organization annually receives income on the trusts' assets, as stipulated by the donor, which can be utilized in any way that is consistent with the Organization's mission. Distributions are recorded as investment income included in investment and miscellaneous income without donor restrictions in the accompanying combined statements of activities and changes in net assets. Changes in market value, as determined using Level 1 (fair value of trust assets) and Level 3 (the Organization's beneficial interest percentage) inputs, are recorded as increases or decreases to net assets with donor restrictions in the accompanying combined statements of activities and changes in net assets.

##### *Split-Interest Agreements Liability*

The Organization has gift annuities totaling \$120,000 at June 30, 2023 and 2022, that were given to the Organization on the condition that the Organization bind itself to make periodic stipulated payments to the donor. Payments terminate upon death of the respective donor. A liability for split-interest obligations is recorded when the split-interest agreement is established at the estimated net present value of future cash flows using a risk-adjusted discount rate commensurate with the duration of the estimated payments. The present value of the liability was \$73,234 and \$77,546 as of June 30, 2023 and 2022, respectively, and is included in accounts payable, accrued expenses and other in the accompanying combined statements of financial position. During fiscal year 2022, upon the death of one of the donors, the Organization recognized approximately \$609,000 in contribution revenue, which is included in contributions and fundraising in the accompanying combined 2022 statement of activities and changes in net assets. The inputs used to estimate the fair value are considered Level 3 in the fair value hierarchy.

##### *All Other Assets and Liabilities*

The carrying value of all other qualifying assets and liabilities, including notes payable, does not differ materially from its estimated fair value. These qualifying assets and liabilities are considered Level 1 in the fair value hierarchy.

#### **Cash Equivalents**

The Organization considers all highly liquid securities purchased with initial maturities of three months or less, other than investments limited as to use, to be cash equivalents. Highly liquid securities are considered Level 1 in the fair value hierarchy.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounts Receivable, Net of Allowance**

Accounts receivable consists of contract service receivables which are stated as unpaid balances, less an allowance for doubtful accounts. The allowance for doubtful accounts is based on management's estimate of the amount of probable losses in accounts receivable. The allowance is based on specific identification of probable losses and an estimate of additional losses based on historical write-off experience. Management reviews the allowance for doubtful accounts monthly.

**Program Service Receivables**

Included in program service receivables are patient service and individual receivables (see page 16). Patient service receivables are stated at the amount of consideration to which the Organization expects to be entitled in exchange for providing patient care. The Organization records any implicit price concessions based upon management's experience and other circumstances, which may affect the ability of patients or third-party payors to meet their obligations. Any estimated uncollectible amounts are generally considered implicit price concessions, which directly reduce patient service receivables. Patient service receivable balances are charged off against the allowance when it is probable the receivable will not be recovered.

**Pledges and Bequests Receivable, Discount on Pledges and Bequests, and Allowance for Doubtful Accounts**

Unconditional promises to give that are expected to be collected within one year are recorded at fair value at the date the promise is received and included in pledges and bequests receivable. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows net of an allowance for uncollectable amounts. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received (see Note 5).

**Right-of-Use Assets and Lease Obligations**

The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be a lease or contain a lease if the contract conveys the right to control the use of identified property, plant or equipment (an identified asset) in exchange for consideration. The Organization determines such assets are leased because the Organization has the right to obtain substantially all of the economic benefits from and the right to direct the use of the identified asset. Management only reassesses its determination if the terms and conditions of the contract are changed. The Organization's lease agreements generally do not contain any material residual value guarantees or material restrictive covenants. The Organization determines lease classification as operating or finance at the lease commencement date.

In evaluating its contracts, the Organization separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the ROU assets and lease obligations for its buildings and equipment.

Leases result in the recognition of ROU assets and lease obligations in the accompanying combined statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease obligations represent the obligation to make lease payments arising from the lease, measured on a discounted basis.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Right-of-Use Assets and Lease Obligations (Continued)**

At lease inception, the lease obligation is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease obligation adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives, as necessary. Unless the Organization's lease provides an implicit interest rate within the lease contract, the Organization uses a risk-free rate based on the information available at the later of the adoption of the ASU (as of July 1, 2022) or commencement date to determine the present value of lease payments.

In determining lease terms, leases which include options to extend the lease are considered in the determination of the ROU asset and lease obligation when it is reasonably certain that the Organization will exercise that option. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of twelve months or less in the accompanying combined statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

**Investment Return and Spending Policy**

The Organization has approved a formal spending policy in which up to 5% of the average investment portfolio's market value, excluding specific amounts with donor restrictions, using a rolling quarterly average for the preceding three years, ending March 31<sup>st</sup>, is applied to operations (see Notes 3 and 14).

Investment return from net assets without donor restrictions and investment earnings from beneficial interests in perpetual trusts are reported as revenue without donor restrictions. Restricted investment income and gains (losses) on investments held in perpetuity are reported as increases (decreases) in net assets with donor restrictions, unless donor-restricted in perpetuity (change in fair value of beneficial interests in perpetual trusts), in which case they are recorded as increases (decreases) in net assets with donor restrictions in perpetual nature. Net gains on net assets with donor restrictions are classified as net assets with donor restrictions until appropriated under the spending policy by the Board of Trustees and expended. Investment interest and gains (losses) on investments of net assets with donor restrictions are reported as increases (decreases) in net assets with donor restrictions. Investment earnings without donor restrictions used for operations in accordance with the spending policy are reflected as operating income and as a decrease in non-operating revenue (expenses).

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the combined financial statements.

**Property and Equipment**

Property and equipment are stated at cost. Maintenance, repairs and minor renewals are expensed as incurred, and major renewals and renovations over the Organization's capitalization policy are capitalized.



## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2023 and 2022

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Property and Equipment (Continued)

Long-lived assets to be held and used are reviewed for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. There were no impairment losses recorded during the years ended June 30, 2023 and 2022.

Depreciation is calculated by use of the straight-line method. Building and improvements, and equipment are depreciated over the useful lives of the assets; leasehold improvements and leased property under capital leases are depreciated over the terms of the leases or the useful lives of the assets, if shorter. Land is not depreciated. Estimated useful lives are as follows:

Buildings and improvements	20 - 40 years
Vehicles	5 - 7 years
Leasehold improvements	Life of the lease
Equipment	Shorter of 3 - 10 years or the life of the lease

#### Expense Allocation

Expenses related directly to a program or function are allocated to that program or function, while other expenses are allocated based upon management's estimate of the percentage attributable to each program or function.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are personnel and related costs, which are allocated on the basis of estimates of time and effort; occupancy and depreciation, which are allocated on a square footage basis; and supplies and information technology costs, included in other expense, which are allocated based on usage studies conducted annually.

#### Revenue Recognition

*Revenue from Contracts with Customers - Topic 606*

##### Childcare Fees

Childcare fees and private tuition are recognized as services are provided. The performance obligations of delivering childcare services are simultaneously received and consumed by the recipients; therefore, the revenue is recognized over time as childcare services are provided. Childcare fees and private tuition are included in program service fees in the accompanying combined statements of activities and changes in net assets.

##### Interpreter Service Fees

Interpreter services fees are recognized as services are provided. The performance obligations of interpretation services are met at the point in time which services are completed and consumed by the recipients; therefore, the revenue is recognized as services are provided and are included in program service fees in the accompanying combined statements of activities and changes in net assets.

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2023 and 2022

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition (Continued)

##### *Revenue from Contracts with Customers - Topic 606 (Continued)*

##### Clinical Services Revenue

Revenue from clinical and counseling services is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. These amounts are due from individuals, third-party payors (including health insurers and government payors) and others, and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Revenue is recognized as the Organization satisfies performance obligations under its contracts with clients. Revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care.

Performance obligations are determined based on the nature of the services provided by the Organization and consists of outpatient behavioral health and other specialty services. Outpatient services are generally provided at a point in time (date of service) and revenue for performance obligations satisfied at a point in time is generally recognized when services are provided to patients and the Organization does not believe it is required to provide additional goods or services related to that date of service.

The Organization determines the transaction price based on standard charges for goods and services provided (fee schedule), reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's sliding fee policy, or implicit price concessions provided to uninsured patients. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience.

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected primarily by differences among payors (for example, Medicare, MassHealth or commercial insurances) have different reimbursement payment and adjudication methodologies.

Agreements with third-party payors provide for payments at amounts less than established charges. A summary of the payment arrangements with significant third-party payors for various types of program service fees is as follows:

- **Medicaid (MassHealth)** - Reimbursements for MassHealth services are generally paid at prospectively determined rates per occasion of service, or per covered member. MassHealth accounted for approximately 10% and 19% of total program service fees relating for the years ended June 30, 2023 and 2022, respectively.
- **Commercial Insurance and Other** - Payment agreements with certain commercial insurance carriers and health maintenance organizations provide for payment using prospectively determined rates and discounts from established charges.

Any provider of third-party services, including the Organization, could be subject to audits by various government sources, MassHealth, Medicare and commercial insurers. There is no reason to believe that any such audit might lead to adjustments to revenue of any material impact.

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2023 and 2022

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition (Continued)

##### *Revenue from Contracts with Customers - Topic 606 (Continued)*

##### Clinical Services Revenue (Continued)

The Organization has elected the practical expedient allowed under Topic 606 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a patient and the time the patient or a third-party payor pays for that service will be one year or less.

##### Disaggregation of Program Service Receivables

The following table presents a disaggregation of service receivable, by type, as of June 30:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Individual/client receivables, net	\$ 583,186	\$ 336,173	\$ 359,536
Patient service receivables	<u>490,381</u>	<u>400,196</u>	<u>260,819</u>
Total	<u>\$ 1,073,567</u>	<u>\$ 736,369</u>	<u>\$ 620,355</u>

The Organization's program service fee revenue from all revenues is considered point in time and over time revenue, under Topic 606. The following table presents a disaggregation of revenue, by type, for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Interpreter service fees - point in time	\$ 2,024,848	\$ 1,700,014
Childcare fees - over time	1,616,861	1,292,547
Clinical services and other - point in time	<u>774,342</u>	<u>1,081,058</u>
Total	<u>\$ 4,416,051</u>	<u>\$ 4,073,619</u>

##### *Contributions Received and Contributions Made - Topic 958*

##### Contributions, Contract Revenue and Grants

The Organization's primary sources of revenue are from various Commonwealth of Massachusetts agencies (see Note 11). Amounts received under contracts and grants with various government agencies have been recorded in accordance with Topic 958. These amounts totaled \$31,082,634 and \$25,496,538 for the years ended June 30, 2023 and 2022, respectively, and are considered nonreciprocal transactions because the general public receives the benefit as a result of the assets transferred.

Contributions, contract revenue and grants are recorded as revenue when received or unconditionally committed. Contributions with donor restrictions are recorded as net assets with donor restrictions when unconditionally received or pledged. Transfers are made to net assets without donor restrictions as costs are incurred or time restrictions or program restrictions have lapsed. Donor restricted grants received and satisfied in the same period are included in net assets without donor restrictions.

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2023 and 2022

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition (Continued)

##### *Contributions Received and Contributions Made - Topic 958 (Continued)*

##### Contributions, Contract Revenue and Grants (Continued)

In accordance with Topic 958, the Organization must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists (see Note 9). Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

A portion of the Organization's revenue is derived from unit-rate and cost-reimbursable Federal and state contracts and grants, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditure in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as conditional grant advances in the combined statements of financial position.

##### Legacies and Bequests

The Organization is occasionally named as the beneficiary under various wills and trust agreements; the total realizable amounts of which are not presently determinable. Such bequests are recorded when there is an irrevocable right to the bequest and the proceeds are determinable. These amounts were without donor restrictions and are included in contributions and fundraising in the accompanying combined statements of activities and changes in net assets. Total bequests received or committed were \$798,997 and \$1,996,978 for the years ended June 30, 2023 and 2022, respectively.

##### In-Kind Contributions

The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs, but do not meet the criteria for combined financial statement recognition.

All in-kind contributions received by the Organization for the fiscal years ended June 30, 2023 and 2022, were considered without donor restrictions and able to be used by the Organization as determined by the Board of Trustees and management.

The Organization receives donated and discounted food for use in its basic needs programs, primarily the food pantries. The in-kind food is valued based on fair value reports from donating agencies or values obtained from comparative sources.

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2023 and 2022

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition (Continued)

##### *Contributions Received and Contributions Made - Topic 958 (Continued)*

##### In-Kind Contributions (Continued)

The Organization receives the use of certain office and program space donated by RCAB and other parties (see Note 10). These amounts are based on the fair rental value of similar space in the respective areas. These spaces are not included in ROU assets, as in-kind rent does not meet the definition of a lease under Topic 842.

The Organization receives additional miscellaneous in-kind contributions which include supplies or goods that are valued by the donor or using comparative values of what the Organization would pay for such items.

The Organization received the following in-kind contributions for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Food	\$ 2,540,029	\$ 3,062,275
Rent	399,669	399,669
Miscellaneous and other	<u>223,272</u>	<u>258,451</u>
Total in-kind contributions	<u>\$ 3,162,970</u>	<u>\$ 3,720,395</u>

##### Special Events

Special events revenue, included in contributions and fundraising in the accompanying combined statements of activities and changes in net assets, is from the Organization's ability to host fundraising events. Special event income consists of both contributions and sales. The contribution portion of the special event income is recognized as revenue when unconditionally committed or received in accordance with Topic 958. Special events are considered donor restricted if the proceeds of the event are restricted for specific purposes or time periods at the time of the event. The sales portion of the special event income is recognized in accordance with Topic 606 and is derived from various components, including ticket sales from the Organization's Spring Celebration event and other fundraising events held in which the transaction price is determined annually.

During fiscal year 2022, the Organization held two events in which contributions and donations received were restricted to be used in fiscal year 2023 programs. During fiscal year 2023, all contributions and donations relating to events held were not restricted and were recorded as contributions without donor restrictions during the year ended June 30, 2023.

Registration fees for these events are set by the Organization and have not been allocated, as the events are each considered to be separate performance obligations and are only recognized in the accompanying combined statements of activities and changes in net assets after the special event has occurred and the performance obligations have been met.

In fiscal year 2023, two in-person events were held in which these contributions, as well as a sales portion of the event, were recognized in fiscal year 2023 operations in accordance with the guidance noted in Topics 958 and 606. Registration fees were immaterial during fiscal year 2023, and therefore, were not broken out separately from contributions and fundraising on the accompanying combined statement of activities and changes in net assets. There were no in-person events held during fiscal year 2022.

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2023 and 2022

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Income Taxes

The Agency derives its Internal Revenue Code (IRC) Section 501(c)(3) tax-exempt status from the group tax-exemption of the Roman Catholic Church. WBCDC and CRCDC are controlled affiliates of the Agency, and therefore, are exempt from taxation under IRC Section 501(a). Although the Agency is exempt from income taxes, certain rental income is considered unrelated business income and is subject to taxes under the IRC and Massachusetts General Law at applicable corporate rates. Unrelated business income for these activities for the years ended June 30, 2023 and 2022, was nominal.

The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the combined financial statements at June 30, 2023 and 2022. The Organization's information returns are subject to examination by the Federal and state jurisdictions.

#### Subsequent Events

Subsequent events have been evaluated through November 7, 2023, which is the date the combined financial statements were available to be issued. See Notes 6, 9 and 15 for events that met the criteria for recognition and disclosure in the combined financial statements.

### 3. INVESTMENTS

The Organization's unit holdings in the CIF do not have quoted prices in active markets or significant other observable inputs that have quoted market prices, although the Organization can redeem its investments at the net asset value per share at June 30, 2023 and 2022. In accordance with ASC Subtopic 820-10, *Fair Value Measurements*, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying combined statements of financial position (see Note 2). The Organization estimates the fair value of its unit holdings in the CIF, based on the Organization's share of the underlying investment portfolio that consists of actively-traded equities, bonds, private investment entities, mutual funds, and money market funds. Investments - CIF includes \$120,000 of assets pertaining to gift annuities at June 30, 2023 and 2022.

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES**

Notes to Combined Financial Statements  
June 30, 2023 and 2022

**3. INVESTMENTS (Continued)**

Investments were composed of the following as of June 30:

	<b>2023</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>NAV</u>	<u>Total</u>
Money market funds	\$ 841,017	\$ -	\$ -	\$ 841,017
Common stock	44,407	-	-	44,407
Mutual funds - equity investments:				
Large cap blend	4,670,439	-	-	4,670,439
Large cap value	1,296,554	-	-	1,296,554
Large cap growth	1,198,143	-	-	1,198,143
Total mutual funds - equity investments	<u>7,165,136</u>	<u>-</u>	<u>-</u>	<u>7,165,136</u>
Mutual funds - fixed income:				
Intermediate term bonds	2,669,331	-	-	2,669,331
Long-term bonds	1,484,564	-	-	1,484,564
Total mutual funds - fixed income	<u>4,153,895</u>	<u>-</u>	<u>-</u>	<u>4,153,895</u>
Real estate	-	867,629	-	867,629
Investments - CIF	-	-	3,929,097	3,929,097
Total	<u>\$ 12,204,455</u>	<u>\$ 867,629</u>	<u>\$ 3,929,097</u>	<u>\$ 17,001,181</u>
	<b>2022</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>NAV</u>	<u>Total</u>
Money market funds	\$ 341,946	\$ -	\$ -	\$ 341,946
Common stock	44,407	-	-	44,407
Mutual funds - equity investments:				
Large cap blend	4,058,439	-	-	4,058,439
Other	1,221,385	-	-	1,221,385
Large cap value	1,171,913	-	-	1,171,913
Large cap growth	968,222	-	-	968,222
Total mutual funds - equity investments	<u>7,419,959</u>	<u>-</u>	<u>-</u>	<u>7,419,959</u>
Mutual funds - fixed income:				
Intermediate term bonds	2,716,504	-	-	2,716,504
Long-term bonds	1,506,442	-	-	1,506,442
Total mutual funds - fixed income	<u>4,222,946</u>	<u>-</u>	<u>-</u>	<u>4,222,946</u>
Real estate	-	891,477	-	891,477
Investments - CIF	-	-	3,518,246	3,518,246
Total	<u>\$ 12,029,258</u>	<u>\$ 891,477</u>	<u>\$ 3,518,246</u>	<u>\$ 16,438,981</u>

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES**Notes to Combined Financial Statements  
June 30, 2023 and 2022**4. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 306,887	\$ 306,887
Buildings and improvements	30,224,033	29,681,665
Equipment	8,593,430	7,363,850
Vehicles	537,319	537,319
Leasehold improvements	<u>2,667,227</u>	<u>1,755,371</u>
	42,328,896	39,645,092
Construction in process	98,712	336,922
Less - accumulated depreciation	<u>(23,768,952)</u>	<u>(22,447,723)</u>
	<u>\$ 18,658,656</u>	<u>\$ 17,534,291</u>

Construction in process as of June 30, 2023 and 2022, represents primarily the cost of information technology infrastructure and equipment upgrades. Property and equipment with a cost of approximately \$1,542,000 and \$369,000 and net book value of approximately \$1,329,000 and \$276,000 as of June 30, 2023 and 2022, respectively, have been acquired with funds received from the Commonwealth of Massachusetts (the Commonwealth). Equipment includes ROU finance lease assets with a cost of \$322,048 and net book value of \$255,417 of as of June 30, 2023 (see Note 8).

**5. PLEDGES AND BEQUESTS RECEIVABLE**

Pledges and bequests receivable, net were as follows at June 30:

	<u>2023</u>	<u>2022</u>
Due in less than one year	\$ 453,558	\$ 1,154,543
Due in one to six years	<u>1,355,463</u>	<u>1,758,120</u>
	1,809,021	2,912,663
Less - allowance and discount to present value of future cash flows	<u>265,143</u>	<u>143,598</u>
	<u>\$ 1,543,878</u>	<u>\$ 2,769,065</u>

A discount rate of 6.99% and 3.84% was used to discount the multi-year pledges and bequests receivable at June 30, 2023 and 2022, respectively.

**6. MORTGAGE AND NOTES PAYABLE****Line of Credit**

The Organization has a \$4,000,000 line of credit available on which there was no balance outstanding at June 30, 2023 and 2022. Collateral for the line of credit includes \$2,900,000 of marketable securities included in the Organization's investment portfolio as of June 30, 2023 and 2022. At June 30, 2023, the interest rate on the line of credit was amended to the Secured Overnight Financing Rate (SOFR) rate (5.09%) plus 1.8%. At June 30, 2022, the interest rate was calculated based on either the bank's prime lending rate (4.63%), or the thirty-day London Interbank Offered Rate (LIBOR) (1.78%) plus 170 basis points, at the Organization's election.



## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2023 and 2022

---

### 6. MORTGAGE AND NOTES PAYABLE (Continued)

#### Line of Credit (Continued)

Subsequent to year-end, the Organization extended the line of credit through March 31, 2025, reduced the collateral to \$1,900,000 of marketable securities and renegotiated the interest rate to SOFR rate plus 1.4%.

The line of credit agreement places limitations on additional indebtedness, disposal of assets and mergers, and specifies that certain financial covenants must be maintained. The Organization was in compliance with the financial and non-financial covenants as of June 30, 2023 and 2022.

#### Mortgage Payable

On September 29, 2015, the Organization entered into a ten-year commercial mortgage note for \$600,000 for the renovation of a childcare facility in Lynn, Massachusetts (the Child Care Facility). The loan accrues interest at 5.4% per annum and requires monthly principal and interest payments of \$3,677 through September 29, 2025, with a final balloon payment of \$452,086 due on the maturity date. This loan is secured by a first mortgage on the Child Care Facility. As of June 30, 2023 and 2022, the balance of this note was \$491,491 and \$508,204, respectively.

#### Notes Payable

The Organization has a note payable to a third party with a 0% interest rate. The total balance of this note payable as of June 30, 2023 and 2022, was \$73,546. There are no payments due until maturity of the note payable. This note payable is secured by a first mortgage on a property in Lowell, Massachusetts and matures on June 25, 2036.

Aggregate maturities of mortgage and notes payable over the next five years are as follows as of June 30:

2024	\$ 17,575
2025	\$ 18,636
2026	\$ 455,280

Interest expense was \$27,409 and \$29,572 for the years ended June 30, 2023 and 2022, respectively, and is included in other expenses in the accompanying combined statements of functional expenses.

### 7. RETIREMENT BENEFITS

#### Defined Benefit Plan

Prior to January 1, 2006, the Organization provided retirement benefits for substantially all employees through participation in a non-contributory, multi-employer, defined benefit pension plan administered by the Trustees of the Roman Catholic Archdiocese of Boston Pension Trust under the Roman Catholic Archdiocese of Boston Pension Plan (the RCAB Plan). Effective December 31, 2005, the Organization froze its benefits and participation in the RCAB Plan.

The Trustees of the RCAB Plan provide an actuarial valuation of the present value of the accumulated plan benefits as of the end of each RCAB Plan year. The valuations indicate cumulative estimated funding deficits of \$1,840,000 and \$2,510,000 as of June 30, 2023 and 2022, respectively, and the Organization has recorded a liability equal to these amounts.

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES**

Notes to Combined Financial Statements  
June 30, 2023 and 2022

**7. RETIREMENT BENEFITS (Continued)**

**Defined Benefit Plan (Continued)**

The Organization renegotiated the freeze agreement during fiscal year 2012 with the Trustees of the RCAB Plan and is making payments into the RCAB Plan in accordance with terms of the agreement. The annual payments were intended to extinguish the unfunded liability of the RCAB Plan no later than the date the final payment is due, September 1, 2025.

Payment amounts are fixed per the agreement as of June 30, 2020. As of June 30, 2020, the RCAB Plan's actuary provided an updated unfunded liability calculation and re-amortized the remaining required payments through September 1, 2025. The actuarial valuation as of June 30, 2020, and re-amortization was required by the renegotiated freeze agreement which requires a payment of \$700,000 annually beginning in fiscal year 2022 through fiscal 2026. If the unfunded liability should ever become zero or reflect a surplus, then the Organization's required payments to the RCAB Plan would be suspended.

During fiscal years 2023 and 2022, the Organization offered lump-sum distributions to certain vested participants as defined in the agreement. Amounts paid to those who opted to accept the lump-sum are included in benefits paid.

Obligations, funded status and other information are as follows at June 30:

	<u>2023</u>	<u>2022</u>
Funded Status:		
Fair value of plan assets	\$ 12,326,000	\$ 12,049,000
Projected benefit obligation	<u>(14,166,000)</u>	<u>(14,559,000)</u>
Pension benefit liability	<u>\$ (1,840,000)</u>	<u>\$ (2,510,000)</u>
Other Disclosures:		
Employer contributions	<u>\$ 700,000</u>	<u>\$ 700,000</u>
Benefits paid	<u>\$ 1,314,000</u>	<u>\$ 1,444,000</u>
Funded status	<u>87.0%</u>	<u>82.8%</u>

The following assumptions were used to determine benefit obligations as of June 30, 2023 and 2022:

Weighted average discount rate	6.5%
Expected return on plan assets	6.5%

**Future Plan Benefit Payments**

The approximate benefits expected to be paid in the future over the next five years are as follows:

	<u>Benefits</u>
2024	\$ 1,738,000
2025	\$ 1,343,000
2026	\$ 1,306,000
2027	\$ 1,271,000
2028	\$ 1,233,000
2029 - 2033	\$ 5,499,000

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2023 and 2022

---

### 7. RETIREMENT BENEFITS (Continued)

#### Future Plan Benefit Payments (Continued)

Future minimum employer contributions for the benefit plan are set at \$700,000 through fiscal year 2026 as established by the current plan agreement. Upon expiration of the freeze agreement, the continuing employer contributions will be negotiated with the Trustees of the RCAB Plan.

The following table discloses the funded status of the frozen RCAB Plan as a whole as of June 30, 2023, for all participant organizations in the RCAB Plan as of the date of the last actuarial valuation:

Actuarial present value of accumulated plan benefits	\$ 74,824,225
Fair value of Plan Assets	\$ 54,662,108
Total contributions in 2023	\$ 5,373,212
Funded status of the RCAB Pension Plan	73.1%

The risks of participating in a multi-employer plan are different from a single-employer plan because assets contributed to the plan by one employer may be used to provide benefits to employees of other participating organizations.

If a participant employer suspended contributions to the plan, the unfunded obligations could be required to be borne by the remaining participant employers in the plan.

#### Defined Contribution Plan

Effective January 1, 2006, the Organization began providing contributory benefits for substantially all employees through a 403(b) defined contribution plan (the 403(b) Plan). For employees who participated in the Defined Benefit Plan, the Organization contributes between 3% and 8% of eligible annual employees' compensation to the 403(b) Plan based on the employee's age and years of service as of the date of the freeze of the Defined Benefit Plan. For all other employees, employer contributions are 3% of eligible employees' compensation. The 403(b) Plan also allows additional discretionary matching contributions of up to 2% of employees' compensation by the Organization. These additional matching contributions were suspended for fiscal years 2023 and 2022. All contributions made by the Organization vest over a period of three years. The Organization's benefit expense for the 403(b) Plan totaled \$519,327 and \$480,705 for the years ended June 30, 2023 and 2022, respectively, and is included in personnel and related costs in the accompanying combined statements of functional expenses.

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES**

Notes to Combined Financial Statements  
June 30, 2023 and 2022

**8. LEASES**

**Topic 842**

The Organization leases certain office equipment, vehicles, and office and program space from outside parties and the RCAB under operating lease agreements expiring at various dates through July 2032. The Organization leases certain information technology equipment under a finance lease expiring in April 2027.

The following summarizes the line items in the combined statement of financial position, which include amounts for operating and finance leases as of June 30, 2023:

<b>Operating Leases:</b>	
ROU assets - operating	<u>\$ 2,899,373</u>
Operating lease obligations	<u>\$ 2,979,900</u>
<b>Finance Lease:</b>	
Property and equipment	\$ 322,049
Less - accumulated depreciation	<u>(66,631)</u>
Property and equipment, net	<u>\$ 255,417</u>
Finance lease obligation	<u>\$ 259,040</u>

The following summarizes the weighted-average remaining lease term and discount rate as of June 30, 2023:

<b>Weighted-Average Remaining Lease Term:</b>	
Operating leases	6.78 years
Finance leases	3.76 years
<b>Weighted-Average Discount Rate:</b>	
Operating leases	2.97%
Finance leases	2.88%

The future minimum undiscounted lease payments of lease liabilities as of June 30, 2023, were as follows:

<u>Year Ending June 30</u>	<u>Operating</u>	<u>Finance</u>
2024	\$ 675,283	\$ 71,284
2025	582,819	71,284
2026	445,726	71,284
2027	273,470	59,405
2028	255,624	-
Thereafter	<u>1,063,307</u>	<u>-</u>
Total lease payments	3,296,229	273,257
Less - present value discount	<u>316,329</u>	<u>14,217</u>
Total lease liabilities	<u>\$ 2,979,900</u>	<u>\$ 259,040</u>

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES**

Notes to Combined Financial Statements  
June 30, 2023 and 2022

**8. LEASES (Continued)**

**Topic 842 (Continued)**

The following summarizes the operating lease costs by type which are all included in occupancy in the accompanying combined statement of functional expenses for the year ended June 30, 2023:

Operating lease expenses	\$ 673,696
Short-term lease expenses	<u>30,061</u>
Total operating lease expense	<u>\$ 703,757</u>

The following summarizes the finance lease cost by type in the accompanying combined statement of functional expenses for the year ended June 30, 2023:

Amortization of lease assets included in depreciation expense	\$ 66,631
Interest on finance lease obligations included in other expense	<u>8,277</u>
Total finance lease expense	<u>\$ 74,908</u>

The following summarizes cash flow information related to operating leases for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of operating lease liabilities	\$ 148,799
ROU assets obtained in exchange for lease obligations	\$ 1,760,684

*Lease Commitments*

As of June 30, 2023, there were no material leases that have been executed but not yet commenced.

**Topic 840**

The Organization recorded rent on a straight-line basis over the terms of the lease in accordance with ASU Topic 840, *Leases*, through June 30, 2022. The following is a schedule of future minimum lease payments in accordance with the lease agreements as of June 30, 2022:

	<u>Facility</u>	<u>Equipment and Vehicles</u>
2023	\$ 562,356	\$ 106,440
2024	515,520	106,440
2025	496,185	55,673
2026	453,887	3,504
2027	281,626	-
Thereafter	<u>1,368,218</u>	<u>-</u>
Total minimum lease payments	<u>\$ 3,677,792</u>	<u>\$ 272,057</u>

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2023 and 2022

---

### 8. LEASES (Continued)

#### Topic 840 (Continued)

Rent expense for all operating leases was approximately \$1,030,000 for the year ended June 30, 2022, and in-kind rent totaled \$399,669, for the year then ended (see Notes 2 and 10). These amounts are included in occupancy in the accompanying 2022 combined statements of functional expenses.

### 9. CONTINGENCIES

#### Legal

In conducting its activities, the Organization, from time-to-time, is the subject of various litigation and other potential claims. In management's opinion, the ultimate resolution of such matters will not have a material effect on the accompanying combined statements of financial position or combined statements of activities and changes in net assets as of and for the years ended June 30, 2023 and 2022.

#### Community Economic Development Assistance Corporation (CEDAC) Grants

The Organization entered into an Early Education and Out of School Time (EOST) Capital Fund grant agreement with \$750,000 from CEDAC in September 2015 to pay for the construction costs associated with the renovation of its Massachusetts Department of Early Education and Care (EEC) funded childcare facility. The grant was recorded as income in 2016. Under the terms of the agreement, the Organization must operate the property as a childcare facility with 25% of childcare slots reserved for low-income families for twenty-five years and four months commencing on September 29, 2015. Failure to meet this requirement will result in a liability to CEDAC. As of June 30, 2023 and 2022, the Organization believes the remaining restriction will be met.

The Organization entered into a EOST Capital Fund grant agreement for \$179,000 with CEDAC in June 2021 to pay for capital improvements on one of its EEC funded childcare facilities. As of June 30, 2023 and 2022, there is no liability recorded relating to this grant as the grant has yet to be received.

The Organization entered into a EOST Capital Fund grant for \$170,000 with CEDAC in July 2022 which was received in October 2022 to pay for the replacement of a roof on one of its EEC funded childcare facilities.

In accordance with Topic 958, this grant was recorded as a conditional grant liability as of June 30, 2023, and is included in conditional grant advances in the accompanying 2023 combined statement of financial position.

Under the terms of the agreement, the Organization must operate the respective facility as a childcare center with 50% of childcare slots reserved for low-income families for a period of five years, at which time the grant will be recognized as revenue without donor restrictions.

#### Conditional Grants

The Organization received a ten-year grant through 2025 from a donor which, on an annual basis, the Organization is required to renew the funding which is deemed to be a barrier under Topic 958. The future remaining conditional funds, which are not recognized, total \$200,000.

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2023 and 2022

---

### 9. CONTINGENCIES (Continued)

#### Conditional Grants (Continued)

The Organization received multiple contracts with various government agencies through fiscal year 2024 under unit-rate and cost reimbursable service contracts. These government contracts contain funder-imposed conditions that represent a barrier that must be overcome, as well as a right of return of assets or release from obligations. The funder-imposed conditions for this contract revenue include the requirement for the Organization to incur qualifying expenses and provide qualifying services. Accordingly, no revenue has been recorded in the accompanying combined financial statements pertaining to these conditional agreements. Total contracts committed, but not recognized, summarized by type as of June 30:

	<u>2023</u>	<u>2022</u>
Unit rate	\$ 6,193,892	\$ 11,188,981
Cost-reimbursable	1,427,509	1,749,261
EEOST	179,000	-
Other	<u>241,114</u>	<u>380,993</u>
Total	<u>\$ 8,041,515</u>	<u>\$ 13,319,235</u>

### 10. RELATED PARTIES

As discussed in Note 1, the Organization is organized under the auspices of RCAB. Certain transactions between the Organization and RCAB are described elsewhere in these notes to the combined financial statements. In addition, the Organization has the following transactions with RCAB:

The Organization received contributions through RCAB to support operations. These contributions totaled \$335,722 and \$415,205 for the years ended June 30, 2023 and 2022, respectively. The contributions included \$312,831 and \$322,605 from Archdiocesan parish collections for the years ended June 30, 2023 and 2022, respectively.

RCAB donated office and building space with a fair rental value of \$399,669 for the years ended June 30, 2023 and 2022, (see Notes 1, 2 and 8).

The Organization purchases all of its insurance policies (directors' and officers' liability, general liability, automobile, fire and theft, and workers' compensation) through RCAB from various insurance carriers with annual costs totaling \$514,656 and \$490,308 for the years ended June 30, 2023 and 2022, respectively.

During fiscal years 2023 and 2022, the Organization received contributions and recorded pledges received through participation in the Inspiring Hope Campaign, an RCAB capital campaign designed to raise significant funding for endowments, programs and capital needs to benefit virtually every institution in the Archdiocese. Contributions for operations totaled \$146,024 in 2023 and \$1,272,995 in 2022. During fiscal year 2022, \$608,979 of gift annuity benefits were recognized as revenue without donor restriction upon the death of the donor (see Note 2). There were no new pledges secured through the campaign in fiscal years 2023 and 2022. The endowment funds raised are managed by the Catholic Community Foundation (CCF), another agency organized under RCAB, and invested as part of the CIF (see Note 3). A memorandum of understanding was negotiated with RCAB outlining responsibilities of each party as part of this campaign.

The Organization's Chief Executive Officer (CEO) and President is also a voting member of the Board of Trustees. Compensation is paid only for the role as CEO and President.

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2023 and 2022

---

### 10. RELATED PARTIES (Continued)

A Board of Trustees member is the parish priest where the Organization operates the Teen Center. During fiscal year 2023, the Organization paid rent of \$25,000 to the parish.

The Agency leases space from both WBCDC and CRCDC. CCAB does not have a formal agreement and is charged the related depreciation expense incurred by the affiliate for each location. For the years ended June 30, 2023 and 2022, the rental income and expense charged by WBCDC and CRCDC is \$209,844 and \$221,604, respectively. All activity relating to these leases is eliminated in the combined financial statements.

### 11. CONCENTRATIONS

#### Revenue

The Organization derives a significant amount of its support and revenue without donor restrictions (approximately 55% and 48% for the years ended June 30, 2023 and 2022, respectively) from contracts negotiated with various agencies of the Commonwealth and other governmental agencies. Therefore, the Organization is subject to the regulations and rate formulas of the Massachusetts Division of Purchased Services and other state agencies. These contracts are generally renewable on an annual basis, and there is no assurance that such contracts will be renewed in the future.

#### Accounts Receivable, Program Service Receivables, and Pledges and Bequests Receivables

Accounts receivable includes approximately 68% and 42% due from the state agencies, of which 43% and 30% due from state agencies relates to the Department of Early Education and Care as of June 30, 2023 and 2022, respectively.

Program service receivables include approximately 36% and 43% due from two payors and one payor as of June 30, 2023 and 2022, respectively.

Pledges and bequests receivables include approximately 86% and 73% due from one donor and two donors as of June 30, 2023 and 2022, respectively.

Certain amounts from Federal and state agencies are subject to possible audit by the respective government agencies. In the opinion of management, the results of such audits, if any, would not have a material effect on the combined financial position of the Organization as of June 30, 2023 and 2022, or on its combined changes in net assets for the years then ended.

#### Cash and Cash Equivalents

The Organization maintains its cash balances in various banks in Massachusetts. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain amounts. At times during the year, certain cash balances exceeded the insured amounts. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Organization opened up an enhanced savings program during fiscal year 2023 which allows up to \$50 million to be FDIC insured. As of June 30, 2023, the enhanced savings account balance was \$5,026,542 which is included in cash and cash equivalents in the accompanying 2023 combined statement of financial position.



## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2023 and 2022

### 12. NET ASSETS WITHOUT DONOR RESTRICTIONS

The Organization has grouped its net assets without donor restrictions into the following categories:

**Operating net assets** - represent funds available to carry on the operations of the Organization which bear no external restrictions.

**Operating - pension plan net assets** - represent pension plan activity in accordance with ASC Topic, *Compensation - Retirement Benefits* (see Note 7).

**Property and equipment net assets** - reflect and account for the activities relating to the Organization's property and equipment and ROU assets, net of related debt and lease liabilities.

**Board designated net assets** - represent amounts set aside by the Board of Trustees that may only be used with the approval of the Board of Trustees.

Net assets without donor restrictions are comprised as follows:

	<u>2023</u>	<u>2022</u>
Operating	\$ 12,594,725	\$ 12,540,585
Operating - pension plan	(1,840,000)	(2,510,000)
Property and equipment	17,383,727	16,417,809
Board designated:		
Stability reserves	2,000,000	2,000,000
Future capital expenditures	<u>560,916</u>	<u>520,029</u>
Total	<u>\$ 30,699,368</u>	<u>\$ 28,968,423</u>

### 13. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of donor-restricted gifts and contributions and investment return appropriated on restricted funds and are summarized as follows at June 30:

	<u>2023</u>	<u>2022</u>
Endowment assets to be held in perpetuity; the income from which is expendable for purposes designated by the donor (see Note 14)	\$ 7,005,435	\$ 6,894,253
Beneficial interests in perpetual trusts	5,107,290	4,855,140
Program services	3,615,381	4,197,200
Accumulated unspent investment return with donor restrictions	1,409,738	909,147
Time restricted	<u>247,343</u>	<u>1,337,781</u>
Total	<u>\$ 17,385,187</u>	<u>\$ 18,193,521</u>

During the years ended June 30, 2023 and 2022, the fair value of the beneficial interest in perpetual trusts changed by \$252,150 and \$(1,238,643), respectively.

**14. ENDOWMENT**

**Interpretation of Relevant Law and Spending Policy**

The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) requiring the preservation of the original value of the gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions to be held in perpetuity (a) the original value of gifts donated to the endowment, (b) the original gift value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions to be held in perpetuity is classified as donor restricted net assets (purpose restricted) until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Earnings on investments are appropriated using a total return spending policy. Investment income or loss is allocated to operating and non-operating activities under this policy. To preserve the investments' long-term value, up to five percent of the investment portfolio's average market value for the preceding three years, (twelve fiscal quarters), can be used to support operating activities.

For the years ended June 30, 2023 and 2022, the Organization budgeted and appropriated 5% spending amounting to \$523,620 and \$472,090, respectively, to operations, excluding a specific investment vehicle with donor restrictions. The total spending policy appropriation for fiscal years 2023 and 2022 is included in operating support, revenue and gains in the accompanying combined statements of activities and changes in net assets. The remaining investment income earned on the okay investment portfolio, if any, is included in non-operating revenue (expenses).

**Underwater Endowments**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level required that the Organization to retain as a fund of perpetual duration and have quarterly distributions suspended. There were two and four underwater endowment funds amounting to deficiencies of \$24,810 and \$190,387 at June 30, 2023 and 2022, respectively. The original values of these gifts were \$863,055 and \$2,519,143, respectively. These deficiencies resulted from unfavorable marked fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the Board of Trustees.

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2023 and 2022

---

### 14. ENDOWMENT (Continued)

#### Return Objectives and Risk Parameters

The primary financial objectives of the Investment Portfolio are to provide a stream of relatively predictable, stable and constant earnings in support of annual budgetary needs, to preserve and enhance the real, inflation adjusted, purchasing power of endowment assets, and to provide support for capital investment needs as they arise. To satisfy these objectives, the portfolio is managed to the total return concept, which envisions the sources of spending as being from interest, dividends, and capital gains. The investment portfolio is managed to provide for the long-term support of the Organization. To achieve its long-term investment objective, the portfolio should be invested primarily in equities, and will include asset classes to hedge against deflation and inflation. The purpose of diversification is to provide reasonable assurance that no manager, class of securities or individual holding will have a disproportionate impact on the aggregate investment return. The asset allocation is to reflect the proper balance of the Organization's need for liquidity, preservation of purchasing power and risk tolerance.

#### Strategies Employed for Achieving Objectives

Specific asset allocation targets and acceptable range of the percentage of portfolio investment by asset class have been defined in the Investment Policies and Procedures. The Organization targets an asset allocation strategy wherein assets are diversified among several asset classes. The investments are to be diversified by manager, by assets class and within asset class (by economic sector, industry, quality, and size). Additionally, returns are to be measured against specified indexes as benchmarks. The purpose of the equity allocation is to provide a stream of current income and appreciation of principal that more than offsets inflation. The purpose of the fixed income allocation is to provide a steady stream of income relative to an all-equity fund and to provide a hedge against deflation. The Board Finance/Investment Committee shall review the asset allocation and rebalancing policy annually.

The following schedule summarizes the changes in the Organization's donor-restricted endowment:

Endowment net assets, June 30, 2021	\$ 8,809,101
Investment loss	(1,362,082)
Investment return appropriated for operations under the spending policy	(143,619)
Contributions	<u>500,000</u>
Endowment net assets, June 30, 2022	7,803,400
Investment gain	659,723
Investment return appropriated for operations under the spending policy	(159,132)
Contributions	<u>111,182</u>
Endowment net assets, June 30, 2023	<u>\$ 8,415,173</u>

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2023 and 2022

---

### 15. EMPLOYEE RETENTION TAX CREDIT

The Employee Retention Tax Credit (ERTC) was first established by the CARES Act and was extended and expanded by Consolidated Appropriations Act (CAA) and American Rescue Plan Act (ARPA). To be eligible, the Organization must meet certain conditions as described in applicable laws and regulations. Eligibility for the credit and the credit calculations are subject to review and approval by the Federal government. In the opinion of management, the results of such reviews and audit will not have a material effect on the combined financial position of the Organization.

The Organization determined that it qualified for the 2021 and 2020 ERTC, and therefore, accounted for them as conditional grants under ASC Subtopic 958-605. These grants are conditional upon certain performance requirements and the incurrence of eligible expenses. These conditions were met in fiscal years 2021 and 2022 and \$1,682,822 is included in revenue during the year ended June 30, 2022, in the accompanying 2022 combined statements of activities and changes in net assets.

As of June 30, 2023 and 2022, a receivable relating to these credits of \$1,682,822 and \$3,571,352, respectively, was outstanding and is included in other assets in the accompanying combined statements of financial position. The payment for the remaining balance of this credit as of June 30, 2023, was received subsequent to June 30, 2023.

### 16. OPERATIONS, LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year from the combined statements of financial position date for general operating expenses are as follows as of June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 7,142,582	\$ 6,214,718
Accounts receivable, net	4,508,360	3,452,765
Program service receivables	1,073,567	736,369
Current portion of pledges receivable, excluding endowment pledges	440,258	793,868
Estimated fiscal year distribution from beneficial interest in perpetual trusts for the upcoming year	359,160	349,900
Spending policy budgeted for the upcoming year	<u>680,480</u>	<u>683,620</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 14,204,407</u>	<u>\$ 12,231,240</u>

The Organization also has available a \$4,000,000 unused line of credit, (see Note 6) to support its ongoing operations.