




# **Catholic Charities of South Carolina**

## **Independent Auditor's Report and Financial Statements**

June 30, 2025 and 2024



**Catholic Charities of South Carolina**  
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**June 30, 2025 and 2024**

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## Independent Auditor's Report

Board of Directors  
Catholic Charities of South Carolina  
Charleston, South Carolina

### ***Opinion***

We have audited the financial statements of Catholic Charities of South Carolina ("Catholic Charities"), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Catholic Charities as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 Catholic Charities and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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

***Forvis Mazars, LLP***

**Greenville, South Carolina  
March 31, 2026**

**Catholic Charities of South Carolina  
Statements of Financial Position  
Years Ended June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,835,528	\$ 2,182,548
Funds held in Trust by Affiliate		
Pooled investments	2,074,651	1,919,183
Accounts receivable, net	19,720	6,584
Due from the Chancery of the Roman Catholic Diocese of Charleston	972,922	983,251
Prepaid expenses	16,675	118,352
Operating lease right-of-use assets	44,822	57,378
Property and equipment, net	559,861	630,031
<b>Total Assets</b>	<u>\$ 5,524,179</u>	<u>\$ 5,897,327</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 82,885	\$ 43,398
Accrued wages and benefits	106,058	164,618
Unearned income	20,000	-
Due to other Diocesan entities	583,201	972,307
Operating lease liabilities	46,472	58,278
Loan payable	448,094	500,000
<b>Total Liabilities</b>	<u>1,286,710</u>	<u>1,738,601</u>
<b>Net Assets</b>		
Without Donor restrictions		
Undesignated	(602,113)	(542,599)
Invested in property and equipment	559,861	630,031
	(42,252)	87,432
With Donor restrictions	4,279,721	4,071,294
<b>Total Net Assets</b>	<u>4,237,469</u>	<u>4,158,726</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 5,524,179</u>	<u>\$ 5,897,327</u>

**Catholic Charities of South Carolina**  
**Statement of Activities**  
**Year Ended June 30, 2025**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue</b>			
Contributions	\$ 1,713,016	\$ 965,424	\$ 2,678,440
Donated facilities, property, and services	511,414	-	511,414
Program service fees	526,634	-	526,634
Elder home residential income	35	-	35
Investments returns, net	91,823	208,552	300,375
	<u>2,842,922</u>	<u>1,173,976</u>	<u>4,016,898</u>
Net assets released from restrictions	965,549	(965,549)	-
	<u>3,808,471</u>	<u>208,427</u>	<u>4,016,898</u>
<b>Total Support and Revenue</b>			
<b>Expenses</b>			
Program services	3,058,960	-	3,058,960
General and administration	879,195	-	879,195
	<u>3,938,155</u>	<u>-</u>	<u>3,938,155</u>
<b>Total Expenses</b>			
	(129,684)	208,427	78,743
<b>Change in Net Assets</b>			
	87,432	4,071,294	4,158,726
<b>Net Assets, Beginning of Year</b>			
	\$ (42,252)	\$ 4,279,721	\$ 4,237,469
<b>Net Assets, End of Year</b>			

**Catholic Charities of South Carolina**  
**Statement of Activities**  
**Year Ended June 30, 2024**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue</b>			
Contributions	\$ 1,859,938	\$ 1,668,144	\$ 3,528,082
Donated facilities, property, and services	699,532	-	699,532
Program service fees	486,638	-	486,638
Elder home residential income	500,997	-	500,997
Investments returns, net	46,671	132,327	178,998
Loss on disposal of property and equipment	(88,833)	-	(88,833)
	<u>3,504,943</u>	<u>1,800,471</u>	<u>5,305,414</u>
Net assets released from restrictions	472,272	(472,272)	-
	<u>3,977,215</u>	<u>1,328,199</u>	<u>5,305,414</u>
<b>Total Support and Revenue</b>			
<b>Expenses</b>			
Program services	3,752,233	-	3,752,233
General and administration	913,728	-	913,728
	<u>4,665,961</u>	<u>-</u>	<u>4,665,961</u>
<b>Total Expenses</b>			
	<u>4,665,961</u>	<u>-</u>	<u>4,665,961</u>
<b>Change in Net Assets</b>	(688,746)	1,328,199	639,453
<b>Net Assets, Beginning of Year</b>	<u>776,178</u>	<u>2,743,095</u>	<u>3,519,273</u>
<b>Net Assets, End of Year</b>	<u>\$ 87,432</u>	<u>\$ 4,071,294</u>	<u>\$ 4,158,726</u>

**Catholic Charities of South Carolina**  
**Statements of Cash Flows**  
**Years ended June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Operating Activities</b>		
Change in net assets	\$ 78,743	\$ 639,453
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation expense	70,170	93,341
Net realized gains from investments	(85,140)	(53,721)
Net unrealized gains from investments	(104,112)	(63,532)
Noncash operating lease expense	12,556	9,062
Loss on disposal of property and equipment	-	88,833
Changes in		
Accounts receivable, net	(13,136)	39,323
Due from other Diocesan entities	10,329	(983,251)
Prepaid expense	101,677	(68,876)
Accounts payable	39,487	17,404
Accrued wages and benefits	(58,560)	59,945
Unearned income	20,000	-
Due to other Diocesan entities	(389,106)	533,372
Operating lease liabilities	(11,806)	(8,162)
<b>Net Cash (Used in) Provided by Operating Activities</b>	<u>(328,898)</u>	<u>303,191</u>
<b>Financing Activities</b>		
Payments on loan payable	(51,906)	-
<b>Net Cash Used in Financing Activities</b>	<u>(51,906)</u>	<u>-</u>
<b>Investing Activities</b>		
Proceeds from sales of investments	54,381	74,231
Purchases of investments	(20,597)	(15,885)
Proceeds from sales of property and equipment	-	200,000
<b>Net Cash Provided by Investing Activities</b>	<u>33,784</u>	<u>258,346</u>
<b>Change in Cash and Cash Equivalents</b>	(347,020)	561,537
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>2,182,548</u>	<u>1,621,011</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,835,528</u>	<u>\$ 2,182,548</u>
<b>Supplemental Cash Flows Information and Noncash Items</b>		
Cash paid for interest	<u>\$ 24,317</u>	<u>\$ 24,447</u>

## **Note 1. Nature of Organization**

Catholic Charities of the Diocese of Charleston, Inc. was incorporated in 1945 to coordinate social services and charitable work. In September 2017, the organization's name was changed to Catholic Charities of South Carolina ("Catholic Charities"). Catholic Charities is a not-for-profit corporation operating in the state of South Carolina with offices in Charleston, Columbia, Conway, Georgetown, Gloverville, Greenville, Hardeeville, Hilton Head Island, and Rock Hill. It is primarily supported by (a) Catholic Appeal of South Carolina funds and other subsidies provided by the Chancery of the Roman Catholic Diocese of Charleston ("Chancery"), a related organization; (b) contributions for Catholic Charities collected by the parishes in the Roman Catholic Diocese of Charleston ("Diocese of Charleston"), which are related organizations; (c) contributions from individuals and unrelated organizations; and (d) program fees.

Commanded by the Holy Gospel, Catholic Charities is inspired through holy scripture, Matthew 22:36-39 "Love God and Love Neighbor". Catholic Charities provides care and services to improve the lives of South Carolinians in need. A member of Catholic Charities USA, Catholic Charities works directly and in collaboration with parish communities and other organizations to serve the needy in South Carolina. Catholic Charities is committed to social ministry as an essential element of our faith.

The programs provided by Catholic Charities are as follows:

### ***Campaign for Human Development***

In cooperation with the United States Conference of Catholic Bishops, provides funding for self-help community organizations and advocates for social justice.

### ***Direct Services***

Education, consultation, advocacy, and emergency services not incorporated under one of the Catholic Charities' other programs.

### ***General Assistance (Utility, Gas card, and Rent Assistance)***

Provides assistance to people in need.

The Program provided by ministry work are as follows:

### ***Save a Smile Program***

Catholic Charities provides subsidies to low-income individuals in order to improve their health, self-esteem, and employment opportunities.

### ***Food and Clothing Programs***

Catholic Charities provides other support directed toward nourishment programs.

### ***Clean of Heart***

Provides laundry and shower facilities for the homeless in downtown Columbia and the Piedmont region.

### ***Disaster Relief***

Financial and material assistance to persons affected by natural disasters.

**Catholic Charities of South Carolina**  
**Notes to Financial Statements**  
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***Carter May Home/St. Joseph Residence***

Community residential care for older adults. During 2024, the Carter May Home/St. Joseph Residence was **CLOSED** and operations ceased.

***Immigration Services***

Provides low-cost immigration counseling services for those who cannot afford a private lawyer.

***Restorative Justice and Re-entry Into Society***

Helping people make the transition out of prison safely and in such a way as to reduce the recidivism rate.

***Prison Ministry***

Ministering to people in prison. Providing mass, confessions and Order of Christian Initiation for Adults (OCIA) formation.

***Next Level Services and Getting Ahead***

Catholic Charities walks with individuals as they transform their lives and break the cycles of poverty.

***Mission Outreach***

Encourages young adult engagement in ministering to the homeless populations of major metropolitan areas in South Carolina, including Charleston, Columbia, and Greenville. Provides medical care to impoverished populations at our mission in Guatemala.

**Note 2. Summary of Significant Accounting Policies**

***Basis of Accounting***

The financial statements of Catholic Charities have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

***Basis of Presentation***

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

***Net Assets without Donor Restrictions***

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate from net assets without donor restrictions, net assets for an operating reserve, and net assets invested in property and equipment.

***Net Assets with Donor Restrictions***

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without restrictions.

**Catholic Charities of South Carolina**  
**Notes to Financial Statements**  
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***Cash and Cash Equivalents***

For purposes of the statements of cash flows, Catholic Charities considers all highly liquid temporary cash investments with an original maturity of three months or less to be cash equivalents, except for the cash investments in the funds managed by investment companies.

***Pooled Investments***

Catholic Charities carries investments in marketable debt and equity securities at their fair values on the statements of financial position. Unrealized gains and losses are included in investment returns, net on the accompanying statements of activities. See further information regarding investments in Note 5.

***Accounts Receivable***

Receivables are stated at amounts Catholic Charities expects to collect (unpaid balances less estimated allowances for credit losses) based on management's assessment of the financial stability of the respective debtors. Receivables determined by Catholic Charities not to be collectible are charged off against the respective allowances. The allowance for credit losses was \$- and \$5,950 as of June 30, 2025 and 2024, respectively.

Catholic Charities does not believe there are significant credit risks associated with accounts receivables. In estimating its expected credit losses, Catholic Charities may consider historical collection information and existing economic conditions adjusted for current conditions and reasonable and supportable forecasts. Amounts recognized for allowances for expected credit losses are immaterial to the financial statements. If amounts become uncollectible, they will be charged to operations when that determination is made; however, management does not expect these amounts to be material.

***Due from the Chancery of the Roman Catholic Diocese of Charleston***

Amounts due from the Chancery consists of the deposits made into the co-operative deposit and loan program.

***Prepaid Expenses***

Prepaid expenses represent payments made by Catholic Charities in advance of receiving goods or services.

***Property and Equipment***

Purchases of property and equipment having a unit cost of \$5,000 or more and a useful life of more than one year are capitalized at cost. Donated property and equipment are capitalized at their estimated fair value at the date of donation. Expenditures for maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method of depreciation based on the estimated useful lives of the assets ranging from 3 to 40 years.

***Operating Lease***

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Catholic Charities elected the practical expedient to account for nonlease components and the lease components to which they relate as a single lease component for all and to use the risk-free discount rate. Also, Catholic Charities has elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term and any variable lease payments are recognized in the period the payments occur.

**Catholic Charities of South Carolina**  
**Notes to Financial Statements**  
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***Contributions***

Contributions are recognized as revenues in the year received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return or release, are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions are considered to be without donor restrictions unless specifically restricted by the donors. Contributions that are restricted by the donors are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when the stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statements of activities as net assets released from restrictions.

Certain contributions are collected by the parishes in the Diocese of Charleston from their parishioners and remitted to the Chancery. The Chancery holds such contributions as custodian, until substantially all parishes have remitted such collections to it, and then remits the total collections to Catholic Charities. These contributions are recognized as support when received by Catholic Charities. Funding allocations from the Catholic Appeal of South Carolina and other subsidies from the Chancery are recognized as support when received, which does not materially differ from the accrual basis of accounting.

Bequests are recognized at the fair value of Catholic Charities' interest in the estate when the probate court declares a will valid.

***Revenue Recognition***

Catholic Charities recognizes revenue in accordance with the provisions of Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*. Program service fees for family counseling, immigration services, and services to the elderly are recognized at the time the related services are rendered which is when performance obligations are met.

***Elder Home Residential Income***

Services to the elderly consist principally of the rental of units in the Carter May Home/St. Joseph Residence, a retirement home. Resident fees for recurring and routine monthly services are generally billed monthly and collected at the first of each month. Payment terms are usually within 30 days. Under ASC Topic 606, management has determined that the performance obligation for the standing obligation to provide the appropriate level of care is the predominate component and does not contain a lease component under ASC Topic 842. During 2024, the Carter May Home/St. Joseph Residence was closed and operations ceased.

***Donated Facilities, Property, and Services***

A number of full and part-time volunteers have made contributions of their time to maintain Catholic Charities' programs. However, the value of this contributed time is not reflected in the accompanying financial statements since such contributed services do not (a) create or enhance non-financial assets; or (b) require specialized skills that are provided by persons possessing those skills, and which would be purchased if not donated.

Certain facilities have been provided to Catholic Charities free or below market rent. The rental value for the donated office and building space has been estimated and recognized in the accompanying financial statements based upon an estimated rental rate of equivalent properties in the current market. During the years ended June 30, 2025 and 2024, Catholic Charities recognized revenue and related expense of \$239,655 and \$452,391, respectively, for contributed below market rent. See further information regarding related party transactions in Note 8.

The Chancery provided accounting, human resources, and legal professional services to Catholic Charities without charge in order to provide administrative support. During the years ended June 30, 2025 and 2024, Catholic Charities recognized revenue and related expense of \$265,761 and \$247,141, respectively, for contributed services received from the Chancery based on the estimated fair value of comparable services provided by third parties.

**Catholic Charities of South Carolina**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

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***Income Taxes***

Catholic Charities is exempt from federal and state income taxes under certain provisions of Section 501(c)(3) of the Internal Revenue Code and the South Carolina Code of laws. FASB provides guidance on Catholic Charities' evaluation of accounting for uncertainty in income taxes. Management evaluated Catholic Charities' tax position and concluded that no uncertain tax positions exist that require adjustment to the financial statements to comply with the provisions of this guidance.

Catholic Charities' policy is to record a liability for any tax position taken that is beneficial to Catholic Charities, including any related interest and penalties, when it is more likely than not the position taken by management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of June 30, 2025 and, accordingly, no liability has been accrued. Management believes Catholic Charities continues to satisfy the requirements of a tax-exempt organization.

***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

***Revisions***

Certain immaterial revisions have been made to the 2024 financial statements for *the categorization of fair value measurements with the fair value hierarchy in Note 5*. These revisions did not have a significant impact on the financial statement line items impacted.

**Note 3. Cash, Liquidity, and Availability of Resources**

Catholic Charities places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. Catholic Charities from time to time may have amounts on deposit in excess of the insured limits.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Catholic Charities considers all expenditures related to program and supporting services to be general expenditures. Financial assets available within one year as of June 30, without donor or other restrictions limiting their use, comprise the following:

**Catholic Charities of South Carolina**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 1,835,528	\$ 2,182,548
Pooled investments	2,074,651	1,919,183
Accounts receivable, due within one year	19,720	6,584
Due from the Chancery of the Roman Catholic Diocese of Charleston	<u>972,922</u>	<u>983,251</u>
	4,902,821	5,091,566
Amounts unavailable for general expenditures		
Required to satisfy donor restrictions	(4,279,721)	(4,071,294)
Endowment investments available for general purposes and for distribution in accordance with the spending rate policy	<u>78,055</u>	<u>72,665</u>
Financial assets available to meet general expenditures in the next year	<u>\$ 701,155</u>	<u>\$ 1,092,937</u>

Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use.

Catholic Charities manages its liquidity by developing and adopting annual operating and capital budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they come due. Actual performance is reported and monitored monthly in comparison to the budgets. Adjustments are made to plan as needed to ensure adequate liquidity. As part of our liquidity management plan, cash balances are invested in short-term investments.

**Note 4. Functional Expenses**

The costs of providing the various programs have been summarized on a functional basis on the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis, which generally include space occupied on a square footage basis and/or time incurred for employees.

**Catholic Charities of South Carolina**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

Expenses by function and nature consist of the following for the year ended June 30, 2025 and 2024:

	<b>June 30, 2025</b>						<b>Total</b>
	<b>Personnel Expense</b>	<b>Occupancy Expense</b>	<b>Office/ Program Expense</b>	<b>Professional and Contracted Services</b>	<b>Travel and Professional Development</b>	<b>Grants and Other Assistance</b>	
Program services							
Direct services	\$ 1,028,933	\$ 303,552	\$ 142,065	\$ 3,962	\$ 11,121	\$ 186,341	\$ 1,675,974
Disaster relief	-	165	-	-	2,341	127,311	129,817
Carter May Home	-	10,789	722	(810)	115	-	10,816
Immigration services	669,489	106,392	16,007	4,621	18,752	10,000	825,261
International ministries	20,103	810	2,026	5,835	2,119	135,447	166,340
Prison ministry	81,251	424	828	12	2,824	88,588	173,927
Seafarer's ministry	<u>73,984</u>	<u>-</u>	<u>1,074</u>	<u>-</u>	<u>1,767</u>	<u>-</u>	<u>76,825</u>
Total program expenses	1,873,760	422,132	162,722	13,620	39,039	547,687	3,058,960
Administrative management and general	<u>122,538</u>	<u>507,091</u>	<u>88,164</u>	<u>40,992</u>	<u>120,410</u>	<u>-</u>	<u>879,195</u>
	<u>\$ 1,996,298</u>	<u>\$ 929,223</u>	<u>\$ 250,886</u>	<u>\$ 54,612</u>	<u>\$ 159,449</u>	<u>\$ 547,687</u>	<u>\$ 3,938,155</u>
	<b>June 30, 2024</b>						
	<b>Personnel Expense</b>	<b>Occupancy Expense</b>	<b>Office/ Program Expense</b>	<b>Professional and Contracted Services</b>	<b>Travel and Professional Development</b>	<b>Grants and Other Assistance</b>	<b>Total</b>
Program services							
Direct services	\$ 534,928	\$ 311,147	\$ 155,207	\$ 5,108	\$ 16,407	\$ 232,542	\$ 1,255,339
Disaster relief	-	120	-	-	389	93,317	93,826
Carter May Home	1,036,865	292,991	93,210	35,774	8,128	39	1,467,007
St. Joseph	-	-	-	304	-	-	304
Immigration services	515,664	109,677	16,349	10,896	10,618	-	663,204
International ministries	4,073	662	750	6,030	6,303	32,900	50,718
Prison ministry	67,980	41	2,048	-	1,977	77,122	149,168
Seafarer's ministry	<u>68,206</u>	<u>-</u>	<u>4,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,667</u>
Total program expenses	2,227,716	714,638	272,025	58,112	43,822	435,920	3,752,233
Administrative management and general	<u>311,541</u>	<u>364,545</u>	<u>113,772</u>	<u>99,697</u>	<u>23,745</u>	<u>428</u>	<u>913,728</u>
	<u>\$ 2,539,257</u>	<u>\$ 1,079,183</u>	<u>\$ 385,797</u>	<u>\$ 157,809</u>	<u>\$ 67,567</u>	<u>\$ 436,348</u>	<u>\$ 4,665,961</u>

**Note 5. Funds Held in Trust by Affiliate: Pooled Investments**

Catholic Charities' investments are held in trust by an affiliated organization, the Catholic Community Foundation of South Carolina (the "Foundation"). The Foundation holds and invests funds belonging to Catholic Charities in a custodial capacity. In accordance with ASC 958, Section 320, *Not-for-Profit Entities, Investments*, Catholic Charities' investments are stated at fair value.

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Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in active markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table sets forth by level the fair value hierarchy of Catholic Charities' assets accounted for at fair value on a recurring basis as of June 30, 2025:

	<b>Fair Value Measurements Using</b>			
	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Assets measured at fair value				
Corporate and government debt securities	\$ 508,304	\$ 204,337	\$ 303,967	\$ -
U.S. government bonds	89,374	39,243	50,131	-
Equity securities	<u>1,444,035</u>	<u>1,444,035</u>	<u>-</u>	<u>-</u>
Total assets at fair value	<u>\$ 2,041,713</u>	<u>\$ 1,687,615</u>	<u>\$ 354,098</u>	<u>\$ -</u>

Investments are held at fair value and included in the table above except cash totaling \$32,938.

The following table sets forth by level the fair value hierarchy of Catholic Charities' assets accounted for at fair value on a recurring basis as of June 30, 2024:

	<b>Fair Value Measurements Using</b>			
	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Assets measured at fair value				
Corporate and government debt securities	\$ 468,735	\$ 178,934	\$ 289,801	\$ -
U.S. government bonds	80,254	26,289	53,965	-
Equity securities	<u>1,342,653</u>	<u>1,342,653</u>	<u>-</u>	<u>-</u>
Total assets at fair value	<u>\$ 1,891,642</u>	<u>\$ 1,547,876</u>	<u>\$ 343,766</u>	<u>\$ -</u>

Investments are held at fair value and included in the table above except cash totaling \$27,541.

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Investment income is comprised of the following for the years ended June 30, 2025 and 2024:

	<b>June 30, 2025</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Dividends and interest, net of fees	\$ 90,653	\$ 20,470	\$ 111,123
Realized gains, net	527	84,613	85,140
Unrealized gains, net	<u>643</u>	<u>103,469</u>	<u>104,112</u>
Total	<u>\$ 91,823</u>	<u>\$ 208,552</u>	<u>\$ 300,375</u>
	<b>June 30, 2024</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Dividends and interest, net of fees	\$ 45,956	\$ 15,789	\$ 61,745
Realized gains, net	324	53,397	53,721
Unrealized gains, net	<u>391</u>	<u>63,141</u>	<u>63,532</u>
Total	<u>\$ 46,671</u>	<u>\$ 132,327</u>	<u>\$ 178,998</u>

**Note 6. Property and Equipment**

Property and equipment consists of the following at June 30.

	<b>2025</b>	<b>2024</b>
Service office buildings	\$ 637,209	\$ 637,209
Furniture, vehicles, and equipment	<u>451,604</u>	<u>483,704</u>
	1,088,813	1,120,913
Accumulated depreciation	<u>(528,952)</u>	<u>(490,882)</u>
	<u>\$ 559,861</u>	<u>\$ 630,031</u>

Depreciation expense for the years ended June 30, 2025 and 2024 was \$70,170 and \$93,341, respectively.

**Note 7. Leases under ASC 842**

Catholic Charities leases office space under the terms of non-cancellable operating lease. Operating lease expense is recognized in operations on a straight-line basis over the lease term. In determining lease asset values, Catholic Charities considers fixed payment terms, incentives, and options to extend or terminate. Renewal, termination, or purchase options affect the lease term used for determining lease asset value only if the option is reasonably certain to be exercised. Variable payments, such as variable common area maintenance, are expensed in the period incurred and not included in the lease asset or liability values.

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The components of lease expense and related classification in the accompanying statements of activities and were as follows during June 30:

	<u>2025</u>	<u>2024</u>
Operating lease cost (occupancy expense)		
Fixed lease cost	\$ 14,250	\$ 10,350
Short-term lease cost	<u>54,185</u>	<u>48,923</u>
Total operating lease cost	<u>\$ 68,435</u>	<u>\$ 59,273</u>

Cash paid for amounts included in the measurement of lease liabilities is as follows for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Operating cash flows from operating leases	\$ 14,154	\$ 9,428

The following table presents operating lease-related assets and liabilities at June 30:

	<u>2025</u>	<u>2024</u>
Operating leases		
Right-of-use assets – operating leases	\$ 44,822	\$ 57,378
Right-of-use assets – operating leases	\$ 46,472	\$ 58,278
Other information		
Weighted-average remaining lease term – operating leases	3.25 years	4.25 years
Weighted-average discount rate – operating leases	4.72%	4.72%

Future operating lease liability maturities are as follows:

2026	\$ 14,850
2027	15,450
2028	16,050
2029	<u>4,050</u>
Total	50,400
Interest	<u>(3,928)</u>
Lease liability	<u>\$ 46,472</u>

**Note 8. Related Party and Other Leasing Transactions**

Catholic Charities operates the Hardeeville Thrift Store and Immigration Services out of facilities which are owned by the Diocese of Charleston. The annual rent value of such donated facilities was estimated to be \$142,770 and \$127,473 for the years ended June 30, 2025 and 2024, respectively, and is included in donated facilities, property, and services revenue and program expenses on the accompanying statements of activities.

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Catholic Charities occupied the Carter May Home/St. Joseph Residence and certain office space owned by the Diocese of Charleston. No rental payments were charged for the use of the Carter May Home/St. Joseph Residence and Catholic Charities Central office space from the Diocese of Charleston. The annual rental value of these donated facilities was estimated at \$96,885 and \$324,918 for the years ended June 30, 2025 and 2024, respectively, and is included in donated facilities, property, and services revenue and program services expenses on the accompanying statements of activities. During 2024, the Carter May Home/St. Joseph Residence was closed and operations ceased.

Catholic Charities is provided administrative, professional, and other support from the Chancery and the Catholic Community Foundation of South Carolina. The annual value of these donated services was estimated at \$265,761 and \$247,141, respectively, for the years ended June 30, 2025 and 2024, and are included in donated facilities, property, and services revenue and general and administrative expenses on the accompanying statements of activities. The Chancery also provides direct financial support through the Catholic Appeal of South Carolina of \$1,000,000 and \$990,000 for the years ended June 30, 2025 and 2024, respectively, which are included in contributions on the statements of activities.

Catholic Charities reimburses the Chancery for personnel and other expenses that are paid on its behalf by the Chancery. As of June 30, 2025 and 2024, amounts due to the Chancery for these expenses totaled \$583,201 and \$972,307, respectively.

As described in Note 5, Catholic Charities' investments are held in trust by the Foundation, an affiliate and related party.

In June 2019, Catholic Charities executed a promissory note and loan agreement for \$500,000 with the Diocesan co-operative deposit and loan program administered by the Chancery. The promissory note requires monthly payments of interest not to be less than a floor established by the Chancery (4.50% at June 30, 2025 and 2024) beginning in July 2019 and lasting through the note's maturity in January 2026. Upon maturity of this note, an extension has been granted on the principal and interest payments until a new promissory note and loan agreement is negotiated. At June 30, 2025 and 2024, the outstanding balance of this note amounted to \$448,094 and \$500,000, respectively, and is shown in the balance on the statements of financial position as a loan payable. During the years ended June 30, 2025 and 2024, Catholic Charities incurred \$24,317 and \$24,447 of interest, respectively.

As of June 30, 2025 and 2024, Catholic Charities had \$972,922 and \$983,251, respectively, on deposit with the Chancery's co-operative deposit and loan program.

## **Note 9. Retirement Plan**

Catholic Charities employees participate in a contributory retirement plan administered by the Diocese of Charleston. After one year of service, the employer contributes 5% of the employee's monthly salary for employees contributing a minimum of 3% of their monthly salary. The contributions are limited to the maximum annual amounts allowed by the Internal Revenue Service. For the years ended June 30, 2025 and 2024, Catholic Charities made contributions to the lay retirement plan for its employees totaling \$47,102 and \$48,915, respectively.

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**Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specific purpose		
Disaster funds		
Disaster assistance – fire	\$ -	\$ 18,818
Disaster assistance – future	166,319	115,111
Disaster assistance – hurricane	<u>165,387</u>	<u>16,698</u>
	<u>331,706</u>	<u>150,627</u>
Ministry funds		
Aid to pregnant women	2,053	2,053
Angel Fund	4,945	6,324
Blue Cross Blue Shield Save a Smile Grant	2,961	2,961
Campaign for human development	-	16,415
COVID 19	7,576	7,576
Grants	173,148	165,812
Statewide Pantry Program	29,598	54,004
Make Money Count Program	16,888	17,260
Operation rice bowl	15,375	17,742
Save a Smile Program	54,455	63,792
Shelter Laundry Service Program	257,978	137,595
Our Lady of the Valley Outreach Program	977,937	983,251
Other restricted programs	<u>288,310</u>	<u>537,643</u>
	<u>1,831,224</u>	<u>2,012,428</u>
Subject to appropriation		
Accumulated endowment earnings	608,256	399,704
Endowments held in perpetuity	<u>1,508,535</u>	<u>1,508,535</u>
	<u>2,116,791</u>	<u>1,908,239</u>
	<u>\$ 4,279,721</u>	<u>\$ 4,071,294</u>

**Note 10. Endowments**

Catholic Charities endowment consists of a fund established primarily for the general support of Catholic Charities. The endowment is comprised only of donor-restricted endowment funds. As required by U.S. GAAP, the net assets associated with the endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

Catholic Charities has interpreted the state of South Carolina enacted version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. At June 30, 2025 and 2024, there were no such donor stipulations. As a result of this interpretation, Catholic Charities retains in perpetuity (a) the original value of initial and subsequent gift amounts (including contributions receivable, net of

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discount and allowance for doubtful accounts, donated to the endowment) and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by Catholic Charities in a manner consistent with the standard of prudence prescribed by UPMIFA.

**Strategies Employed for Achieving Investment Objectives**

Catholic Charities follows an investment policy with long-term growth as the main objective. Catholic Charities relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Catholic Charities utilizes a diversified asset allocation, with greater emphasis on equity-based investments, to achieve its long-term return objectives within prudent risk constraints.

Catholic Charities appropriates for expenditure only amounts for specifically identified expenses as needed and allows spending from underwater endowments. Catholic Charities considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- General economic conditions
- Possible effect of inflation or deflation
- The expected total return from income and the appreciation of investments
- Other resources of Catholic Charities
- The purpose of the fund and its relationship to the mission of the Catholic Charities; and
- The Catholic Charities’ investment policies.

Donor-restricted endowment net asset composition by type of fund as of June 30, 2025 is as follows:

	<u>With Donor Restrictions</u>	<u>With Donor Perpetuity</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 608,256	\$ 1,508,535	\$ 2,116,791

The following details the changes in Catholic Charities’ endowment net assets for the year ended June 30, 2025:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 1,908,239	\$ 1,908,239
Investment returns, net	<u>-</u>	<u>208,552</u>	<u>208,552</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 2,116,791</u>	<u>\$ 2,116,791</u>

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Donor-restricted endowment net asset composition by type of fund as of June 30, 2024 is as follows:

	<u>With Donor Restrictions</u>	<u>With Donor Perpetuity</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 399,704	\$ 1,508,535	\$ 1,908,239

The following details the changes in Catholic Charities' endowment net assets for the year ended June 30, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 1,850,037	\$ 1,850,037
Investment returns, net	-	132,327	132,327
Amounts appropriated for expenditure	-	(74,125)	(74,125)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,908,239</u>	<u>\$ 1,908,239</u>

At June 30, 2025 and 2024, Catholic Charities held no underwater endowments.

**Note 11. Subsequent events**

In December 2025, Catholic Charities received full forgiveness of the loan outstanding of approximately \$448,000 with the Diocesan (Note 8).

The Catholic Charities has evaluated subsequent events through March 31, 2026, which is the date these financial statements were available to be issued.