

**CATHOLIC COUNCIL FOR SOCIAL CONCERN, INC.
AKA: CATHOLIC CHARITIES OF THE DIOCESE OF DES MOINES**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2021 AND 2020



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**CATHOLIC COUNCIL FOR SOCIAL CONCERN, INC.
AKA: CATHOLIC CHARITIES OF THE DIOCESE OF DES MOINES
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YEARS ENDED JUNE 30, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Catholic Council for Social Concern, Inc.
aka: Catholic Charities of the Diocese of Des Moines
Des Moines, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of Catholic Council for Social Concern, Inc. aka: Catholic Charities of the Diocese of Des Moines (the Council), which comprise the statement of financial position as of June 30, 2021 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Board of Directors
Catholic Council for Social Concern, Inc.
aka: Catholic Charities of the Diocese of Des Moines

Opinion

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The 2020 financial statements of the Council were audited by other auditors whose report dated December 11, 2020, expressed an unmodified opinion on those statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2021 on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Cedar Rapids, Iowa
November 18, 2021

**CATHOLIC COUNCIL FOR SOCIAL CONCERN, INC.
AKA: CATHOLIC CHARITIES OF THE DIOCESE OF DES MOINES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020**

ASSETS	2021	2020
Cash	\$ 15,240	\$ 11,983
Accounts and Grants Receivable	284,438	129,160
Split-Interest Agreements Receivable	74,387	58,475
Due from Affiliate	429,578	434,706
Investments, Including Amounts Restricted in Perpetuity of \$130,825 and \$90,825, Respectively	4,269,923	3,314,509
Prepaid Expenses	1,594	193
Property and Equipment, Net	2,043,138	2,129,502
Total Assets	\$ 7,118,298	\$ 6,078,528
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 91,441	\$ 37,308
Funds Held for Others	16,061	13,879
Accrued Expenses	184,774	191,661
Deferred Revenue	-	28,353
Debt	-	448,800
Total Liabilities	292,276	720,001
NET ASSETS		
Without Donor Restrictions	6,154,495	4,891,022
With Donor Restrictions	671,527	467,505
Total Net Assets	6,826,022	5,358,527
Total Liabilities and Net Assets	\$ 7,118,298	\$ 6,078,528

See accompanying Notes to Financial Statements.

**CATHOLIC COUNCIL FOR SOCIAL CONCERN, INC.
AKA: CATHOLIC CHARITIES OF THE DIOCESE OF DES MOINES
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Public Support:			
Contributions and Donations	\$ 914,453	\$ 89,536	\$ 1,003,989
Contributions from Affiliates	575,000	-	575,000
Grant Revenues	2,366,154	-	2,366,154
Special Event Revenue	89,339	-	89,339
Allocations from the United Way	204,775	88,000	292,775
In-Kind Contributions	164,235	-	164,235
Net Assets Released from Restrictions	16,635	(16,635)	-
Total Public Support	<u>4,330,591</u>	<u>160,901</u>	<u>4,491,492</u>
Revenue:			
Program Service Fees	167,408	-	167,408
Investment Return	481,980	27,210	509,190
Change in Value of Split-Interest Agreements	-	15,911	15,911
Fees	1,410	-	1,410
Miscellaneous	43,962	-	43,962
Total Revenue	<u>694,760</u>	<u>43,121</u>	<u>737,881</u>
Total Public Support and Revenue	5,025,351	204,022	5,229,373
EXPENSES			
Program Services	2,840,815	-	2,840,815
Fundraising	378,190	-	378,190
Management and General	542,873	-	542,873
Total Expenses	<u>3,761,878</u>	<u>-</u>	<u>3,761,878</u>
CHANGE IN NET ASSETS	1,263,473	204,022	1,467,495
Net Assets - Beginning of Year	<u>4,891,022</u>	<u>467,505</u>	<u>5,358,527</u>
NET ASSETS - END OF YEAR	<u>\$ 6,154,495</u>	<u>\$ 671,527</u>	<u>\$ 6,826,022</u>

**CATHOLIC COUNCIL FOR SOCIAL CONCERN, INC.
AKA: CATHOLIC CHARITIES OF THE DIOCESE OF DES MOINES
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Public Support:			
Contributions and Donations	\$ 903,506	\$ 103,851	\$ 1,007,357
Contributions from Affiliates	455,168	-	455,168
Grant Revenues	1,444,406	-	1,444,406
Special Event Revenue	115,820	-	115,820
Allocations from the United Way	218,125	-	218,125
In-Kind Contributions	236,616	-	236,616
Net Assets Released from Restrictions	<u>87,438</u>	<u>(87,438)</u>	<u>-</u>
Total Public Support	3,461,079	16,413	3,477,492
Revenue:			
Program Service Fees	150,036	-	150,036
Investment Return	88,628	8,441	97,069
Change in Value of Split-Interest Agreements	-	3,880	3,880
Fees	3,161	-	3,161
Miscellaneous	<u>32,982</u>	<u>-</u>	<u>32,982</u>
Total Revenue	<u>274,807</u>	<u>12,321</u>	<u>287,128</u>
Total Public Support and Revenue	3,735,886	28,734	3,764,620
EXPENSES			
Program Services	3,251,751	-	3,251,751
Fundraising	395,554	-	395,554
Management and General	<u>467,016</u>	<u>-</u>	<u>467,016</u>
Total Expenses	<u>4,114,321</u>	<u>-</u>	<u>4,114,321</u>
CHANGE IN NET ASSETS	(378,435)	28,734	(349,701)
Net Assets - Beginning of Year	<u>5,269,457</u>	<u>438,771</u>	<u>5,708,228</u>
NET ASSETS - END OF YEAR	<u>\$ 4,891,022</u>	<u>\$ 467,505</u>	<u>\$ 5,358,527</u>

**CATHOLIC COUNCIL FOR SOCIAL CONCERN, INC.
AKA: CATHOLIC CHARITIES OF THE DIOCESE OF DES MOINES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021**

	Program Services							Fundraising and Communications	Management and General	Total
	Counseling	Adoption	Emergency Family Shelter	Food Pantry and Outreach Center	Domestic Violence and Sexual Abuse Program	Refugee Resettlement	Total			
Salaries and Wages	\$ 216,167	\$ 3,616	\$ 243,080	\$ 108,035	\$ 913,049	\$ 165,821	\$ 1,649,768	\$ 204,900	\$ 149,577	\$ 2,004,245
Employee Benefits	23,858	388	16,941	18,783	142,488	20,656	223,114	33,846	29,217	286,177
Payroll Taxes	14,610	-	15,284	8,595	64,630	11,161	114,280	13,573	30,097	157,950
Total Salaries and Related Expenses	254,635	4,004	275,305	135,413	1,120,167	197,638	1,987,162	252,319	208,891	2,448,372
Professional Fees and Contract Service Payments	10,072	675	8,395	811	26,752	6,505	53,210	10,010	245,405	308,625
Supplies	1,045	-	7,338	20,200	7,106	5,223	40,912	32,528	8,096	81,536
Telephone	-	-	7,382	2,009	14,160	480	24,031	-	14	24,045
Postage and Shipping	-	-	4	63	554	110	731	5,838	245	6,814
Occupancy	25,840	6,761	53,799	44,400	42,756	60,085	233,641	-	24,823	258,464
Printing and Publications	915	-	1,364	358	2,625	112	5,374	18,683	22	24,079
Travel	-	-	295	907	15,403	4,465	21,070	5,330	733	27,133
Employee Education	5,263	-	1,108	-	336	4,400	11,107	495	2,036	13,638
Assistance to Individuals	-	-	9,382	-	44,086	85,091	138,559	32,250	-	170,809
Dues	-	-	12	-	7,288	-	7,300	50	14,841	22,191
Minor Equipment and Software	-	-	3,993	848	3,567	2,932	11,340	-	14,923	26,263
Advertising	4,146	-	-	2,500	844	-	7,490	8,775	3,629	19,894
In-Kind	-	-	69,705	23,767	59,068	11,695	164,235	-	-	164,235
Miscellaneous	726	-	1,638	207	144	213	2,928	11,912	143	14,983
Total Expenses before Depreciation	302,642	11,440	439,720	231,483	1,344,856	378,949	2,709,090	378,190	523,801	3,611,081
Depreciation	-	-	42,189	13,614	56,085	19,837	131,725	-	19,072	150,797
Total Functional Expenses	<u>\$ 302,642</u>	<u>\$ 11,440</u>	<u>\$ 481,909</u>	<u>\$ 245,097</u>	<u>\$ 1,400,941</u>	<u>\$ 398,786</u>	<u>\$ 2,840,815</u>	<u>\$ 378,190</u>	<u>\$ 542,873</u>	<u>\$ 3,761,878</u>

CATHOLIC COUNCIL FOR SOCIAL CONCERN, INC.
AKA: CATHOLIC CHARITIES OF THE DIOCESE OF DES MOINES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

Program Services

	Program Services							Fundraising and Communications	Management and General	Total
	Counseling	Adoption	Emergency Family Shelter	Food Pantry and Outreach Center	Domestic Violence and Sexual Abuse Program	Refugee Resettlement	Total			
Salaries and Wages	\$ 226,047	\$ 4,915	\$ 300,995	\$ 128,794	\$ 1,028,847	\$ 211,482	\$ 1,901,080	200,239	\$ 140,371	\$ 2,241,690
Employee Benefits	38,524	862	16,759	18,022	131,331	34,850	240,348	34,268	28,714	303,330
Payroll Taxes	17,208	363	22,648	8,912	73,912	15,788	138,831	14,279	12,182	165,292
Total Salaries and Related Expenses	281,779	6,140	340,402	155,728	1,234,090	262,120	2,280,259	248,786	181,267	2,710,312
Professional Fees and Contract Service Payments	9,412	919	5,091	751	31,344	13,205	60,722	7,817	203,700	272,239
Supplies	846	-	6,663	18,195	13,293	13,927	52,924	21,034	10,599	84,557
Telephone	-	-	6,893	2,734	13,077	1,091	23,795	-	297	24,092
Postage and Shipping	-	-	-	37	8	11	56	271.00	328	655
Occupancy	83	-	41,250	33,650	47,777	31,670	154,430	60,000	-	214,430
Printing and Publications	927	-	1,579	1,321	4,002	565	8,394	23,225	1,313	32,932
Travel	400	-	1,059	238	58,169	10,811	70,677	309	3,646	74,632
Employee Education	-	-	880	90	120	1,159	2,249	975	1,290	4,514
Assistance to Individuals	-	-	-	-	28,896	192,793	221,689	-	-	221,689
Dues	-	-	12	-	7,348	-	7,360	1,896	4,374	13,630
Minor Equipment & Software	-	-	7,546	-	5,699	-	13,245	-	9,329	22,574
Advertising	3,386	-	-	100	2,724	10	6,220	10,048.00	4,304	20,572
In-Kind	31,540	8,252	61,380	16,032	49,626	44,545	211,375	-	25,240	236,615
Miscellaneous	4,359	-	1,464	65	420	1,939	8,247	21,193	758	30,198
Total Expenses before Depreciation	332,732	15,311	474,219	228,941	1,496,593	573,846	3,121,642	395,554	446,445	3,963,641
Depreciation	-	-	42,189	13,614	49,826	24,480	130,109	-	20,571	150,680
Total Functional Expenses	\$ 332,732	\$ 15,311	\$ 516,408	\$ 242,555	\$ 1,546,419	\$ 598,326	\$ 3,251,751	\$ 395,554	\$ 467,016	\$ 4,114,321

CATHOLIC COUNCIL FOR SOCIAL CONCERN, INC.
AKA: CATHOLIC CHARITIES OF THE DIOCESE OF DES MOINES
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,467,495	\$ (349,701)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	150,797	150,680
Unrealized Gain on Investments	(351,395)	(8,645)
Realized Loss (Gain) on Investments	(79,018)	4,351
Change in Value of Split-Interest Agreements Receivable	(15,911)	(3,880)
Donated Property and Equipment	(9,900)	-
PPP Loan Forgiveness	(448,800)	-
Changes in Assets and Liabilities:		
Accounts and Grants Receivable	(155,278)	215,724
Prepaid Expenses	(1,401)	358
Accounts Payable Accrued Expenses	47,246	22,596
Deferred Revenue	(28,353)	28,353
Net Cash Provided by Operating Activities	575,482	59,836
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(54,534)	(32,029)
Proceeds from Sale of Investments	-	16,244
Purchase of Investments	(525,001)	(17,801)
Net Cash Used by Investing Activities	(579,535)	(33,586)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Change in Due from Affiliate	5,128	(497,194)
Change in Funds Held for Others	2,182	(2,967)
Note Proceeds Received	-	448,800
Net Cash Provided (Used) by Financing Activities	7,310	(51,361)
NET INCREASE (DECREASE) IN CASH	3,257	(25,111)
Cash - Beginning of Year	11,983	37,094
CASH - END OF YEAR	\$ 15,240	\$ 11,983
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
Donated Property and Equipment	\$ 9,900	\$ -

See accompanying Notes to Financial Statements.

**CATHOLIC COUNCIL FOR SOCIAL CONCERN, INC.
AKA: CATHOLIC CHARITIES OF THE DIOCESE OF DES MOINES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Catholic Council for Social Concern, Inc. aka: Catholic Charities of the Diocese of Des Moines (the Council) is a nonprofit corporation organized under the laws of the state of Iowa. Its purpose is to promote the Council and coordination of charitable, social, and welfare programs and activities fostered, maintained, and operated under the sponsorship or encouragement of the Roman Catholic Diocese of Des Moines (the Diocese) in the Des Moines and Council Bluffs metropolitan areas.

The Council participates in community programs for social betterment, seeking, in cooperation with other agencies and individuals, to lessen those abuses in society which are factors in undermining the well-being of individuals, families, and children. The Council offers specific programs in the areas of counseling, adoption, protection of adults, temporary shelter, and immigrant and refugee services.

The Council also serves as a cooperative center for all Catholic agencies interested in the various phases of social service, family education, and social action.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investments

Investments are recorded at fair market value, with gains and losses resulting from market fluctuations recognized in the period in which the fluctuations occur. Investment return consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses, and is reported in the statement of activities as an increase or decrease in net assets without donor restrictions unless the use of the assets is restricted by the donor.

Property and Equipment

Property and equipment are stated at cost or fair value if donated. Depreciation is computed using the straight-line method over the useful lives of assets, which range from 3 to 40 years. The Council follows the practice of capitalizing all expenditures for property and equipment in excess of \$2,500.

Funds Held for Others

The Council accepts cash or other assets from donors and agrees to use the assets on behalf of or transfer the assets to a specified beneficiary. These amounts are recognized as funds held for others in the statement of financial position.

CATHOLIC COUNCIL FOR SOCIAL CONCERN, INC.
AKA: CATHOLIC CHARITIES OF THE DIOCESE OF DES MOINES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Assets

Net assets are based on the existence or absence of donor-imposed restrictions. The following is a description of each class:

Without Donor Restrictions – Net assets that are available for use in general operations and not subject to donor restrictions. The Council's governing board may earmark portions of its net assets without donor restrictions as board-designated for various purposes.

With Donor Restrictions – Net assets that are subject to donor restrictions. Some donor-imposed restrictions are temporary in nature such as those that will be met by the passage of time or by actions of the Council meeting the purpose of the restriction. Other donor-imposed restrictions are perpetual in nature, such as endowment type funds, where the donor stipulates that sources be maintained in perpetuity. Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Receivables and Revenue Recognition

The Council recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to satisfaction of conditions being met are reported as refundable advances in the statement of financial position.

A portion of the Council's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Council has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. As of June 30, 2021, \$635,099 of cost reimbursable grants have not been recognized as revenue because qualifying expenditures have yet been occurred.

Special event revenue is equal to the fair value of direct benefits to donors, and contribution revenue for the difference. The Council recognized the contribution portion at a point in time when received and the direct benefits to donors' portion as events occur. Amounts received in exchange for services that will occur in the next fiscal period are reported as refundable advances in the statement of financial position.

CATHOLIC COUNCIL FOR SOCIAL CONCERN, INC.
AKA: CATHOLIC CHARITIES OF THE DIOCESE OF DES MOINES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Revenue Recognition (Continued)

The Council records contributions of donated goods at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Income Taxes

The Council is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. The Council is required to file a Form 990 information return.

Concentrations of Credit Risk

In the normal course of business, the Council grants credit to individuals which arise from services provided for fees. These receivables are unsecured, and repayment is reliant upon the economic conditions of Central and Southwest Iowa and the individual debtor.

Paycheck Protection Program Loan

The Council follows Financial Accounting Standards Board's (FASB) Topic 470, *Debt* in accounting for its Paycheck Protection Program (PPP Loan). The loan is accounted for as a financial liability and interest accrued at the specified rate of 1.00%. The proceeds from the loan remain as a liability until either (1) the loan is, in part or wholly, forgiven and the Council has been legally released or (2) the Council pays off the loan to the creditor. Once the loan is (in part or wholly) forgiven and legal release is received, the Council will reduce the liability by the amount forgiven and record a gain on extinguishment.

Functional Expense Allocations

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. The expenses that are allocated include salaries and wages, employee benefits, and payroll taxes, which are allocated based on time and effort. Occupancy is allocated based on time and space. All other expenses consist of direct costs.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

CATHOLIC COUNCIL FOR SOCIAL CONCERN, INC.
AKA: CATHOLIC CHARITIES OF THE DIOCESE OF DES MOINES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Accounting Principle

In August 2018, FASB issued Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820)*. This ASU was issued to improve the effectiveness of disclosures related to fair value measurements in the notes to financial statements. This adoption had no impact on the Council's financial position.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Council regularly monitors liquidity required to meet its operating needs and other contractual commitments, while striving to maximize the investment of its available funds. The following table reflects the Council's financial assets as of June 30, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of time or purpose restrictions.

	2021	2020
Cash	\$ 15,240	\$ 11,983
Accounts and Grants Receivable	284,438	129,160
Split-Interest Agreements Receivable	74,387	58,475
Due from Affiliate	429,578	434,706
Investments	4,269,923	3,314,509
Total Financial Assets	5,073,566	3,948,833
Net Assets With Donor Restrictions	(671,527)	(467,505)
Net Financial Assets	\$ 4,402,039	\$ 3,481,328

NOTE 3 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30:

	2021	2020
Time Restricted:		
Split-Interest Agreements	\$ 74,387	\$ 58,475
United Way Allocation	88,000	-
Total Time Restrictions	162,387	58,475
Purpose Restricted:		
Emergency Family Shelter	277,337	277,337
COVID-19 Relief Fund	-	14,606
Accumulated Earnings on Endowment	54,636	3,673
Rental Assistance Grants	5,797	-
Outreach Center	19,987	-
Other	20,558	22,589
Total Purpose Restrictions	378,315	318,205
Perpetual in Nature:		
Food Pantry and Outreach Center	130,825	90,825
Total Net Assets With Donor Restrictions	\$ 671,527	\$ 467,505

**CATHOLIC COUNCIL FOR SOCIAL CONCERN, INC.
AKA: CATHOLIC CHARITIES OF THE DIOCESE OF DES MOINES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 4 INVESTMENTS, INVESTMENT RETURN, AND FAIR VALUE MEASUREMENTS

The Fair Value Measurements and Disclosures Topic of the *FASB Accounting Standards Codification* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of quoted prices of similar assets or liabilities in active markets or quoted prices for identical or similar assets in inactive markets, and Level 3 inputs have the lowest priority.

Level 1 – The fair value of mutual funds is based on quoted market values of the share held by the Council at year-end. The Council currently has no Level 1 assets.

Level 2 – The fair value is based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from observable market data. The Council currently has no Level 2 assets.

Level 3 – The undivided interest in investment funds held by the Catholic Foundation of Southwest Iowa (Catholic Foundation) is not actively traded and significant other observable inputs are not available. However, such assets are valued at the Catholic Foundation using Level 1 and Level 2 inputs.

The Council's investments consist of the following as of June 30:

	2021			
	Level 1	Level 2	Level 3	Total
Undivided Interest in Investment Funds Held by Catholic Foundation	\$ -	\$ -	\$ 4,269,923	\$ 4,269,923

	2020			
	Level 1	Level 2	Level 3	Total
Undivided Interest in Investment Funds Held by Catholic Foundation	\$ -	\$ -	\$ 3,314,509	\$ 3,314,509

CATHOLIC COUNCIL FOR SOCIAL CONCERN, INC.
AKA: CATHOLIC CHARITIES OF THE DIOCESE OF DES MOINES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

**NOTE 4 INVESTMENTS, INVESTMENT RETURN, AND FAIR VALUE MEASUREMENTS
(CONTINUED)**

The following tables provide further detail at the Level 3 fair value measurements:

	<u>2021</u>	<u>2020</u>
Balance - Beginning of Year	\$ 3,314,509	\$ 3,308,658
Investment Return, Net	491,455	80,851
Contributions	463,959	-
Distributions	-	(75,000)
Balance - End of Year	<u>\$ 4,269,923</u>	<u>\$ 3,314,509</u>

	<u>Fair Value</u>		Principal Valuation Technique	Unobservable Inputs
	<u>2021</u>	<u>2020</u>	Net Asset Value	Value of Underlying Assets
Undivided Interest in Investment Funds Held by Catholic Foundation	<u>\$ 4,269,923</u>	<u>\$ 3,314,509</u>		

The following schedule summarizes the investment return for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Realized Gain (Loss) on Investments	\$ 79,018	\$ (4,351)
Unrealized Gain on Investments	351,395	8,645
Interest	78,777	92,775
Total Investment Return	<u>\$ 509,190</u>	<u>\$ 97,069</u>

NOTE 5 PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows at June 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 332,570	\$ 332,570
Buildings	3,092,040	3,092,040
Office Equipment	633,339	639,724
Vehicles	63,548	76,606
Improvements	27,318	11,922
Total Property and Equipment	<u>4,148,815</u>	<u>4,152,862</u>
Less: Accumulated Depreciation	<u>(2,105,677)</u>	<u>(2,023,360)</u>
Property and Equipment, Net	<u>\$ 2,043,138</u>	<u>\$ 2,129,502</u>

CATHOLIC COUNCIL FOR SOCIAL CONCERN, INC.
AKA: CATHOLIC CHARITIES OF THE DIOCESE OF DES MOINES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 6 DEBT

On April 10, 2020, the Council applied for and obtained a \$448,800 Paycheck Protection Program (PPP Loan), administered by the U.S. Small Business Administration, established under the Coronavirus Aid, Relief, and Economic Security Act (Cares Act) The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Council's financial position.. On November 3, 2020, the PPP Loan was fully forgiven for the entire amount. The amount is recorded as grant revenue on the statement of activities in 2021.

NOTE 7 RETIREMENT PLAN

All eligible employees participate in the Council's 403(b) plan. Contributions by the Council are equal to 50% of employee elective deferrals up to a maximum of 8% of eligible compensation for certain employees and an additional 2% for other employees, based on the date of employment. The Council's contribution to this plan for the years ended June 30, 2021 and 2020 were \$46,251 and \$49,017, respectively.

NOTE 8 SPLIT-INTEREST AGREEMENTS

The Catholic Foundation administers a charitable gift annuity program which provides for the investment of contributions made by individuals from which the periodic contractual annuity payment is made to the annuitant. Upon the death of the annuitant, the Catholic Foundation pays the remaining allocated investment amount to the named beneficiary. The Catholic Foundation administers several charitable gift annuities as an agent in which the Council is the remainder beneficiary.

The portion of these split-interest agreements attributable to the present value of the future benefits to be received by the Council is recorded in the accompanying statement of activities as a donor restricted contribution in the period the agreement is established. The estimated net present value of amounts to be received under split-interest agreements at June 30, 2021 and 2020 totaled \$74,387 and \$58,475, respectively. On an annual basis, the Council revalues this receivable based upon actuarial assumptions.

NOTE 9 ENDOWMENT FUNDS

The Council's endowment funds consist of net assets with donor restrictions which provide that the principal be invested in perpetuity and the income only be used for providing food and financial assistance for the indigent as a corporal work of mercy for the Food Pantry and Outreach Center. As required by generally accepted accounting principles, net assets associated with endowments funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**CATHOLIC COUNCIL FOR SOCIAL CONCERN, INC.
AKA: CATHOLIC CHARITIES OF THE DIOCESE OF DES MOINES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 9 ENDOWMENT FUNDS (CONTINUED)

Interpretation of Relevant Law

The Council has interpreted the State of Iowa State Prudent Management of Institutional Funds Act (SPMIFA) 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. As a result of this interpretation, the Council retains in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is subject to appropriation by the Council in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) duration and preservation of the various funds, (2) the purpose of the donor restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and appreciation of investments, (6) the Council's spending policy for endowment funds, and (7) the Council's investment policies.

Investment Policies

The endowment agreement stipulated the investment fund in which the endowment assets were to be placed.

Spending Policies

The Council's current spending policy is to appropriate an annual distribution amount established at the discretion of the board of directors.

Changes in endowment net assets for the years ended June 30:

	<u>2021</u>	<u>2020</u>
	With Donor Restrictions	With Donor Restrictions
Endowment Net Assets - Beginning of Year	\$ 94,498	\$ 86,057
Investment Earnings	27,210	8,441
Contributions	63,753	-
Endowment Net Assets - End of Year	<u>\$ 185,461</u>	<u>\$ 94,498</u>

CATHOLIC COUNCIL FOR SOCIAL CONCERN, INC.
AKA: CATHOLIC CHARITIES OF THE DIOCESE OF DES MOINES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 10 RELATED PARTY TRANSACTIONS

The Diocese and the Catholic Foundation assist in funding the Council's programs. For the years ended June 30, 2021 and 2020, contributions from affiliates include \$278,316 and \$272,860, respectively, of Annual Diocesan Appeal collections allocated to the Council by the Diocese and \$207,145 and \$182,308, respectively, from the Catholic Foundation.

During the years ended June 30, 2021 and 2020, the Council reimbursed the Diocese \$170,247 and \$163,285, respectively, for administrative, technology, accounting, and fund raising support.

Operating advances between affiliates have resulted in amounts due from the Diocese of \$429,578 and \$434,706, respectively, as of June 30, 2021 and 2020.

NOTE 11 RISKS AND UNCERTAINTIES

The outbreak of COVID-19 (the coronavirus) has caused operational disruptions to many organizations around the world. The extent of the impact may be both direct and indirect and will vary based on the duration of the outbreak, the Council's location, industry, and customer and supplier diversification. An estimate of the effect the outbreak may have on the Council's financial statements cannot be determined at this time.

NOTE 12 SUBSEQUENT EVENTS

Management evaluated subsequent events through November 18, 2021, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2021, but prior to November 18, 2021, that provided additional evidence about conditions that did not exist at June 30, 2021, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended June 30, 2021.

SUPPLEMENTARY INFORMATION

**CATHOLIC COUNCIL FOR SOCIAL CONCERN, INC.
AKA: CATHOLIC CHARITIES OF THE DIOCESE OF DES MOINES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number/Contract #	Federal Expenditures
U.S. Department of Housing and Urban Development			
Passed through from the City of Council Bluffs:			
Community Development Block Grants/Entitlement Grants	14.218	B-2019	\$ 11,500
Passed through from the Iowa Finance Authority:			
Emergency Solutions Grant Program	14.231	ESG-CV-78020-20	17,350
Emergency Solutions Grant Program	14.231	ESG2-CV-78020-20	35,121
Total CFDA #14.231			<u>52,471</u>
Total U.S. Department of Housing and Urban Development			63,971
U.S. Department of Justice			
Passed through from Iowa Western Community College:			
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525	2019-WA-AX-0012	6,222
Passed through from the Crime Victim Assistance Division of the Iowa Department of Justice:			
Crime Victim Assistance	16.575	VS-20-68-SH	43,170
Crime Victim Assistance	16.575	VS-20-78-HT	270
Crime Victim Assistance	16.575	VS-20-59-SAC	33,119
Crime Victim Assistance	16.575	VA-20-16-DAC	38,857
Crime Victim Assistance	16.575	VS-21-68-SH	253,344
Crime Victim Assistance	16.575	VS-21-78-HT	17,016
Crime Victim Assistance	16.575	VS-21-59-SAC	116,372
Crime Victim Assistance	16.575	VA-21-16-DAC	106,283
Total CFDA #16.575			<u>608,431</u>
Total U.S. Department of Justice			614,653
U.S. Department of State			
Passed through from the United States Conference of Catholic Bishops:			
U.S. Refugee Admissions Program:			
Reception & Placement Program - Administrative Expenses	19.510	SPRMCO19CA0024	33,134
Reception & Placement Program - Administrative Expenses	19.510	SPRMCO21CA3001	95,735
Reception & Placement Program - Financial Assistance	19.510	SPRMCO21CA3001	29,111
Total CFDA #19.510			<u>157,980</u>

**CATHOLIC COUNCIL FOR SOCIAL CONCERN, INC.
AKA: CATHOLIC CHARITIES OF THE DIOCESE OF DES MOINES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number/Contract #	Federal Expenditures
U.S. Department of Treasury			
Passed through from the Iowa Finance Authority: Coronavirus Relief Fund	21.019	N/A	\$ 30,000
U.S. Department of Health and Human Services			
Passed through from the Iowa Department of Human Services: Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	75-2022-1503	51,416
Passed through from the United States Conference of Catholic Bishops: Refugee and Entrant Assistance Voluntary Agency Programs	93.567	2001DCRVMG	6,310
Refugee and Entrant Assistance Voluntary Agency Programs	93.567	2101DCRVMG	23,450
Passed through from the United States Conference of Catholic Bishops: Refugee and Entrant Assistance Discretionary Grants Total CFDA #93.567	93.576	N/A	<u>53,550</u> 83,310
Passed through from the Crime Victim Assistance Division of the Iowa Department of Justice: Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	VS-20-68-SH	109,887
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	VS-20-16-DAC	3,784
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services Total CFDA #93.671	93.671	VS-21-68-SH	<u>74,175</u> <u>187,846</u>
Total U.S. Department of Health and Human Services			<u>322,572</u>
U.S. Department of Homeland Security			
Emergency Food and Shelter National Board Program	97.024	N/A	<u>53,812</u>
Total Federal Awards			<u>\$ 1,242,988</u>

CATHOLIC COUNCIL FOR SOCIAL CONCERN, INC.
AKA: CATHOLIC CHARITIES OF THE DIOCESE OF DES MOINES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

NOTE 1 BASIS OF PRESENTATION

The schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Council under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Council. Pass-through entity identifying numbers are presented where available.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

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

NOTE 4 SUBRECIPIENTS

There were no awards passed through to subrecipients.



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

Board of Directors
Catholic Council for Social Concern, Inc.
aka: Catholic Charities of the Diocese of Des Moines
Des Moines, Iowa

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Catholic Council for Social Concern, Inc. aka: Catholic Charities of the Diocese of Des Moines (the Council), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we considered to be a significant deficiency.

Board of Directors
Catholic Council for Social Concern, Inc.
aka: Catholic Charities of the Diocese of Des Moines

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



CliftonLarsonAllen LLP

Cedar Rapids, Iowa
November 18, 2021



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR A MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Catholic Council for Social Concern, Inc.
aka: Catholic Charities of the Diocese of Des Moines
Des Moines, Iowa

Report on Compliance for a Major Federal Program

We have audited the Catholic Council for Social Concern, Inc. aka: Catholic Charities of the Diocese of Des Moines (the Council) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Council's major federal program for the year ended June 30, 2021. The Council's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Major Federal Program

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

Report on Internal Control Over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for a major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Cedar Rapids, Iowa
November 18, 2021

**CATHOLIC COUNCIL FOR SOCIAL CONCERN, INC.
AKA: CATHOLIC CHARITIES OF THE DIOCESE OF DES MOINES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
16.575	Crime Victim Assistance
Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>750,000</u>
Auditee qualified as low-risk auditee?	<u> x </u> yes _____ no

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**CATHOLIC COUNCIL FOR SOCIAL CONCERN, INC.
AKA: CATHOLIC CHARITIES OF THE DIOCESE OF DES MOINES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

2021-001: Financial statement preparation and year-end adjustment

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: The Council does not have a policy in place to provide reasonable assurance that financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP); therefore, the potential exists that a material misstatement of the annual financial statements could occur and not be prevented, detected and corrected, by the Council's internal controls.

Criteria or specific requirement: Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Context: While performing audit procedures, it was noted that management does not have internal controls in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP including all necessary year-end adjustments made. During the audit, entries were proposed to record a receivable that was originally not recorded.

Effect: The lack of controls in place over the financial reporting function increases the risk of misstatements, fraud, or errors occurring and not being detected and corrected.

Repeat Finding: No

Cause: The Council has not adopted a policy to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP; however, management has reviewed and approved the annual financial statements and related notes, as prepared by the audit firm, and has accepted responsibility for those financial statements.

Recommendation: The Council should evaluate their financial reporting processes and controls to determine whether additional controls over the preparation of financial statements can be implemented to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Views of responsible officials: There is no disagreement with the audit finding.

Section II – Findings and Questioned Costs – Major Federal Programs

None for the current year.