



# CROSS CATHOLIC OUTREACH, INC.

## FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020





## REPORT OF INDEPENDENT AUDITOR

The Board of Directors  
Cross Catholic Outreach, Inc.  
Pompano Beach, Florida

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

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

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cross Catholic Outreach, Inc. as of June 30, 2021 and 2020, 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.

*Battis Morrison Wales & Lee, P.A.*

BATTIS MORRISON WALES & LEE, P.A.

Orlando, Florida  
October 29, 2021

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**CROSS CATHOLIC OUTREACH, INC.**  
STATEMENTS OF FINANCIAL POSITION

**ASSETS**

	June 30,	
	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 17,585,414	\$ 7,884,407
Investments	1,055,208	791,186
Other assets	1,513,867	261,300
Due from cooperating ministry	275,432	327,115
Property and equipment, net	784,469	954,902
<b>Total assets</b>	<b>\$ 21,214,390</b>	<b>\$ 10,218,910</b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 866,917	\$ 688,515
Note payable	—	2,644,052
<b>Total liabilities</b>	<b>866,917</b>	<b>3,332,567</b>
<b>NET ASSETS</b>		
Without donor restrictions	20,347,473	6,841,736
With donor restrictions	—	44,607
<b>Total net assets</b>	<b>20,347,473</b>	<b>6,886,343</b>
<b>Total liabilities and net assets</b>	<b>\$ 21,214,390</b>	<b>\$ 10,218,910</b>

The Accompanying Notes are an Integral  
Part of These Financial Statements

**CROSS CATHOLIC OUTREACH, INC.**  
STATEMENTS OF ACTIVITIES

	For The Year Ended June 30, 2021			For The Year Ended June 30, 2020
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS</b>				
Noncash contributions without donor restrictions	\$ 322,581,711	\$ —	\$ 322,581,711	\$ 302,850,658
Cash contributions without donor restrictions	20,475,294	—	20,475,294	16,638,343
Cash contributions with donor restrictions	—	27,627,794	27,627,794	24,286,111
Grant revenue	3,633,012	—	3,633,012	—
Other revenue	303,740	—	303,740	288,180
Net assets released from time and use restrictions	<u>27,672,401</u>	<u>(27,672,401)</u>	<u>—</u>	<u>—</u>
<b>Total public support and revenue and net assets released from restrictions</b>	<b><u>374,666,158</u></b>	<b><u>(44,607)</u></b>	<b><u>374,621,551</u></b>	<b><u>344,063,292</u></b>
<b>EXPENSES</b>				
Program	344,494,174	—	344,494,174	326,185,896
Management and general	9,351,856	—	9,351,856	10,617,721
Fundraising	<u>7,314,391</u>	<u>—</u>	<u>7,314,391</u>	<u>6,734,670</u>
<b>Total expenses</b>	<b><u>361,160,421</u></b>	<b><u>—</u></b>	<b><u>361,160,421</u></b>	<b><u>343,538,287</u></b>
<b>Change in net assets without donor restrictions</b>	<b>13,505,737</b>	<b>—</b>	<b>13,505,737</b>	<b>505,398</b>
<b>Change in net assets with donor restrictions</b>	<b><u>—</u></b>	<b><u>(44,607)</u></b>	<b><u>(44,607)</u></b>	<b><u>19,607</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>13,505,737</b>	<b>(44,607)</b>	<b>13,461,130</b>	<b>525,005</b>
<b>NET ASSETS - Beginning of year</b>	<b><u>6,841,736</u></b>	<b><u>44,607</u></b>	<b><u>6,886,343</u></b>	<b><u>6,361,338</u></b>
<b>NET ASSETS - End of year</b>	<b><u>\$ 20,347,473</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 20,347,473</u></b>	<b><u>\$ 6,886,343</u></b>

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**CROSS CATHOLIC OUTREACH, INC.**  
STATEMENTS OF CASH FLOWS

	For The Years Ended	
	June 30,	
	2021	2020
<b>OPERATING CASH FLOWS</b>		
Cash received from contributors	\$ 48,103,088	\$ 40,953,492
Cash received from other sources	39,718	237,560
Cash paid for operating activities and costs	<u>(38,348,836)</u>	<u>(38,837,369)</u>
<b>Net operating cash flows</b>	<u><b>9,793,970</b></u>	<u><b>2,353,683</b></u>
<b>INVESTING CASH FLOWS</b>		
Purchases of and improvements to property and equipment	<u>(92,963)</u>	<u>(321,018)</u>
<b>Net investing cash flows</b>	<u><b>(92,963)</b></u>	<u><b>(321,018)</b></u>
<b>FINANCING CASH FLOWS</b>		
Proceeds from borrowings	<u>—</u>	<u>2,644,052</u>
<b>Net financing cash flows</b>	<u><b>—</b></u>	<u><b>2,644,052</b></u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>9,701,007</b>	<b>4,676,717</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<u><b>7,884,407</b></u>	<u><b>3,207,690</b></u>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<u><b>\$ 17,585,414</b></u>	<u><b>\$ 7,884,407</b></u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS</b>		
Change in net assets	\$ 13,461,130	\$ 525,005
Adjustments to reconcile change in net assets to net operating cash flows		
Net gain on investments	(264,022)	(50,620)
Depreciation	263,396	406,066
Conversion of note payable to grant revenue (see Note G)	(2,644,052)	—
Change in due from cooperating ministry	51,683	17,216
Change in other assets	(1,090,364)	176,700
Change in inventory	(162,203)	1,377,488
Change in accounts payable and accrued expenses	<u>178,402</u>	<u>(98,172)</u>
<b>Net operating cash flows</b>	<u><b>\$ 9,793,970</b></u>	<u><b>\$ 2,353,683</b></u>

**SUPPLEMENTAL DISCLOSURE**

During the year ended June 30, 2021, \$2,644,052 of principal reductions of a certain note payable are included in "grant revenue" in the accompanying consolidated statement of activities. See Note G.

**CROSS CATHOLIC OUTREACH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For The Year Ended June 30, 2021

	Program Activities				Supporting Activities			Total Expenses
	Medical, Food, and Other Assistance	Project Development	Missions Education	Total Program	Management and General	Fundraising	Total Supporting	
Salaries	\$ 939,701	\$ 759,663	\$ 2,179,666	\$ 3,879,030	\$ 4,862,434	\$ 2,509,539	\$ 7,371,973	\$ 11,251,003
Employee benefits	—	—	621,203	621,203	942,447	504,727	1,447,174	2,068,377
Payroll taxes	68,269	51,696	90,144	210,109	333,072	171,841	504,913	715,022
<b>Total personnel-related expenses</b>	<b>1,007,970</b>	<b>811,359</b>	<b>2,891,013</b>	<b>4,710,342</b>	<b>6,137,953</b>	<b>3,186,107</b>	<b>9,324,060</b>	<b>14,034,402</b>
Goods distributed	322,419,508	—	—	322,419,508	—	—	—	322,419,508
Grants	151,497	11,748,809	—	11,900,306	—	—	—	11,900,306
Shipping expenses	2,646,388	—	10	2,646,398	168	14,058	14,226	2,660,624
Printing	92,836	1,200	658,643	752,679	32	1,676,768	1,676,800	2,429,479
Postage	7,567	511	384,091	392,169	110,682	668,740	779,422	1,171,591
Advertising and solicitation	91,222	—	5,982	97,204	71,300	856,781	928,081	1,025,285
Occupancy	324,004	236,122	—	560,126	211,141	169,265	380,406	940,532
Other expenses	—	58,893	13,094	71,987	708,997	133,337	842,334	914,321
Equipment rental	6,940	5,341	5,074	17,355	664,381	14,966	679,347	696,702
Contractors and consultants	92,263	77,094	17,758	187,115	164,922	285,534	450,456	637,571
Data processing	—	—	18,868	18,868	560,657	57,001	617,658	636,526
Travel	22,052	9,325	344,458	375,835	12,421	96,269	108,690	484,525
Merchant processing and bank fees	—	—	—	—	405,836	—	405,836	405,836
Product acquisition fees	314,389	—	—	314,389	—	72,468	72,468	386,857
Professional services	648	—	4,537	5,185	141,861	14,160	156,021	161,206
Property insurance	—	—	—	—	86,332	—	86,332	86,332
Airtime	10,235	—	—	10,235	—	53,177	53,177	63,412
Office supplies	4,772	228	1,925	6,925	33,664	14,288	47,952	54,877
Software	5,577	174	1,797	7,548	41,509	1,472	42,981	50,529
<b>Total</b>	<b>\$ 327,197,868</b>	<b>\$ 12,949,056</b>	<b>\$ 4,347,250</b>	<b>\$ 344,494,174</b>	<b>\$ 9,351,856</b>	<b>\$ 7,314,391</b>	<b>\$ 16,666,247</b>	<b>\$ 361,160,421</b>

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**CROSS CATHOLIC OUTREACH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For The Year Ended June 30, 2020

	Program Activities				Supporting Activities			Total Expenses
	Medical, Food, and Other Assistance	Project Development	Missions Education	Total Program	Management and General	Fundraising	Total Supporting	
Salaries	\$ 800,090	\$ 735,584	\$ 2,292,279	\$ 3,827,953	\$ 4,976,869	\$ 2,620,544	\$ 7,597,413	\$ 11,425,366
Employee benefits	479	—	816,368	816,847	1,115,770	663,299	1,779,069	2,595,916
Payroll taxes	60,217	50,635	73,097	183,949	373,232	174,310	547,542	731,491
<b>Total personnel-related expenses</b>	<b>860,786</b>	<b>786,219</b>	<b>3,181,744</b>	<b>4,828,749</b>	<b>6,465,871</b>	<b>3,458,153</b>	<b>9,924,024</b>	<b>14,752,773</b>
Goods distributed	304,228,145	—	—	304,228,145	—	—	—	304,228,145
Grants	87,436	11,761,655	—	11,849,091	—	—	—	11,849,091
Shipping expenses	2,428,981	—	23,778	2,452,759	2,212	4,498	6,710	2,459,469
Printing	163,128	—	638,906	802,034	119	923,160	923,279	1,725,313
Travel	114,812	72,251	608,476	795,539	70,472	412,955	483,427	1,278,966
Other expenses	16,751	89,356	13,769	119,876	947,011	151,564	1,098,575	1,218,451
Postage	3,395	505	126,149	130,049	297,284	683,481	980,765	1,110,814
Occupancy	319,386	141,936	721	462,043	319,950	104,316	424,266	886,309
Data processing	—	—	11,448	11,448	612,022	106,502	718,524	729,972
Equipment rental	519	4,667	6,634	11,820	693,933	19,414	713,347	725,167
Contractors and consultants	113,980	79,031	25,444	218,455	231,668	244,241	475,909	694,364
Advertising and solicitation	39,452	—	20,076	59,528	45,294	471,924	517,218	576,746
Professional services	6,153	—	13,879	20,032	298,711	19,579	318,290	338,322
Merchant processing and bank fees	—	—	—	—	332,094	—	332,094	332,094
Product acquisition fees	167,555	—	—	167,555	—	89,773	89,773	257,328
Property insurance	—	—	—	—	203,507	—	203,507	203,507
Office supplies	15,559	373	8,504	24,436	48,839	18,927	67,766	92,202
Software	3,651	626	60	4,337	48,734	613	49,347	53,684
Airtime	—	—	—	—	—	25,570	25,570	25,570
<b>Total</b>	<b>\$ 308,569,689</b>	<b>\$ 12,936,619</b>	<b>\$ 4,679,588</b>	<b>\$ 326,185,896</b>	<b>\$ 10,617,721</b>	<b>\$ 6,734,670</b>	<b>\$ 17,352,391</b>	<b>\$ 343,538,287</b>

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## **CROSS CATHOLIC OUTREACH, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE A – NATURE OF ACTIVITIES**

Cross Catholic Outreach, Inc. (“the Organization”) was established in 2001 as a Florida not-for-profit corporation with its mission to mobilize the global Catholic Church to transform the poor and their communities materially and spiritually for the glory of Jesus Christ. Catholic churches located in Africa, the Caribbean, Latin America, and Southeast Asia are key beneficiaries. These ministries have dreams of helping the poor in their communities, but they lack the resources or funds needed to realize their goals. The Organization was created to empower these ministries by funding water and housing projects, providing food to feeding centers, medicines to clinics, educational materials to schools, and other specific commodities to outreaches of various kinds. The Organization also assists with operating expenses, including providing funding for teachers to schools and local crews for building construction. In this way, the Organization makes effective use of existing infrastructure by better utilizing the buildings and staff already in place overseas.

The Organization is a member of the International Catholic Stewardship Council. Their mission is to foster an environment in which stewardship is understood, accepted, and practiced throughout the Catholic church.

#### **NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Revenue recognition**

The Organization recognizes cash contributions as revenue when the contributions are received by the Organization. Contributions received are recorded as without or with 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 accompanying statements of activities as “net assets released from time and use restrictions.” Contributions of noncash assets are recorded at estimated fair value on the date of the gift.

##### **Cash and cash equivalents**

The Organization considers investment instruments purchased or donated with original maturities of three months or less to be cash and cash equivalents.

##### **Investments**

Investments are carried at estimated fair value and are held in a limited partnership. For fair value measurement purposes, the Organization considers such amounts to be valued using “Level 2” inputs which is defined by accounting principles generally accepted in the United States of America as other significant observable inputs (such as quoted prices for similar items).

##### **Property and equipment**

Property and equipment are stated at cost, if purchased, or estimated fair value on the date of donation, if donated. Depreciation is computed using either the straight-line method or accelerated methods over the estimated useful lives of the respective assets.

##### **Net assets**

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net assets with donor restrictions consist primarily of amounts held by the Organization for use toward specific projects. The Organization satisfies certain use restrictions by distributing donated gifts in-kind. However, the Organization strives to use at least 50% of restricted cash gifts in carrying out the related projects.



**CROSS CATHOLIC OUTREACH, INC.**  
NOTES TO FINANCIAL STATEMENTS

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Functional allocation of expenses**

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas based primarily on employee time and space utilization.

**Income taxes**

The Organization is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to Florida law. The Organization is further classified as a public charity and not a private foundation for federal tax purposes. The Organization has not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying financial statements.

**Use of estimates**

Management uses estimates and assumptions in preparing the accompanying financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and reported revenues and expenses. Significant estimates used in preparing these financial statements include those used in determining the useful lives of property and equipment and the estimated fair value of noncash contributions. Actual results could differ from the estimates.

**Economic uncertainties**

In January 2020, the World Health Organization (“WHO”) announced a global health emergency related to the outbreak of a virus originating in China. In March 2020, WHO elevated the classification of the outbreak to a pandemic (“the pandemic”). Management is closely monitoring the potential impact of the pandemic on the Organization’s financial condition and has taken actions to mitigate its impact. Such actions include availing the Organization of relief measures available under federal law and reducing the overall scope and cost of operations. Because of the unknown impact on global commerce, management is not able to estimate the effects of the pandemic on its operating results, financial condition, or liquidity for the year ending June 30, 2022.

**Subsequent events**

The Organization has evaluated for possible financial reporting and disclosure subsequent events through October 29, 2021, the date as of which the accompanying financial statements were available to be issued.

**NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES**

Financial assets available for general expenditure within one year of the date of the statements of financial position are as follows:

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Financial assets available:		
Cash and cash equivalents	\$ 17,585,414	\$ 7,884,407
Investments	<u>1,055,208</u>	<u>791,186</u>
Total financial assets available	18,640,622	8,675,593
Less amounts unavailable for general expenditure within one year	<u>—</u>	<u>—</u>
Net financial assets available within one year	<u>\$ 18,640,622</u>	<u>\$ 8,675,593</u>

## CROSS CATHOLIC OUTREACH, INC.

### NOTES TO FINANCIAL STATEMENTS

#### **NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)**

The Organization is primarily supported by contributions. As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Donor-restricted net assets were available for general expenditure within one year of the statement of financial position, as of June 30, 2020, because the restrictions on net assets were met by conducting the normal activities of the Organization in the subsequent year. Management believes the Organization has sufficient financial assets available for general operations that may be drawn upon in the event of unanticipated financial distress or immediate liquidity need.

#### **NOTE D – CONCENTRATIONS**

The Organization maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

The Organization's note payable is held by one financial institution.

During the years ended June 30, 2021 and 2020, approximately 74% and 96% of total noncash contribution revenue was sourced from the Organization's three largest donors.

#### **NOTE E – TRANSACTIONS WITH COOPERATING MINISTRY**

The Organization cooperates in ministry with Cross International, Inc. ("CI"). The Organization and CI operate under a shared services agreement in a prior year, the terms of which are defined in the agreement. CI paid the Organization \$127,000 and \$114,000 for services under the agreement during the years ended June 30, 2021, and 2020, respectively. Additionally, CI has a note payable to the Organization for which the balance was approximately \$275,000 and \$322,000 as of the years ended June 30, 2021, and 2020, respectively, which is recognized in the accompanying statements of financial position as "due from cooperating ministry."

#### **NOTE F – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

<u>Category</u>	<u>June 30.</u>	
	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 361,149	\$ 355,102
Furniture and equipment	<u>2,483,933</u>	<u>2,397,017</u>
Total property and equipment	2,845,082	2,752,119
Less: Accumulated depreciation	<u>(2,060,613)</u>	<u>(1,797,217)</u>
Net property and equipment	<u>\$ 784,469</u>	<u>\$ 954,902</u>

Depreciation expense amounted to \$263,396 and \$406,066 during the years ended June 30, 2021 and 2020, respectively.

## CROSS CATHOLIC OUTREACH, INC.

### NOTES TO FINANCIAL STATEMENTS

#### **NOTE G – PAYCHECK PROTECTION PROGRAM**

During the year ended June 30, 2020, the Organization obtained a Paycheck Protection Program note payable (“PPP loan”) to a financial institution in the amount of \$2,644,052. The PPP loan is unsecured and bears interest at a fixed rate of 1.00% per annum with a deferral of interest and principal payments which ended in June 2021, the date the Small Business Administration issued a decision granting full forgiveness of the loan. Accordingly, \$2,644,052 has been recognized as a reduction to “note payable” in the accompanying statement of financial position (reducing the balance of the PPP loan to zero as of June 30, 2021) and as “grant revenue” in the accompanying statement of activities for the year ended June 30, 2021.

#### **NOTE H – EMPLOYEE RETENTION TAX CREDIT**

During the year ended June 30, 2021, the Organization claimed approximately \$1,000,000 of employee retention tax credit with the Internal Revenue Service. This special employee retention tax credit created recently and temporarily by Congress effectively represents relief/stimulus payments from the federal government, with such payments being provided in the form of a refundable payroll tax credit. The employee retention tax credit is available to employers who meet one or more qualifying criteria established by law. As a result of claiming the credit, approximately \$1,000,000 was recognized as “grant revenue” for the year ended June 30, 2021 and as “other assets” as of June 30, 2021, respectively, in the accompanying statement of activities and the accompanying statement of financial position.

#### **NOTE I – RESTRICTIONS ON NET ASSETS**

Net assets were restricted by donors for the following purposes during the year ended June 30, 2021:

	Balance <u>July 1</u>	<u>Contributions</u>	<u>Releases</u>	Balance <u>June 30</u>
Food, water, and medicinal aid	\$ —	\$ 13,900,737	\$ (13,900,737)	\$ —
Disaster, educational, and other aid	44,607	9,588,784	(9,633,391)	—
Housing-related aid	—	2,602,743	(2,602,743)	—
Aid to orphans and vulnerable children	—	1,535,530	(1,535,530)	—
Total	<u>\$ 44,607</u>	<u>\$ 27,627,794</u>	<u>\$ (27,672,401)</u>	<u>\$ —</u>

Net assets were restricted by donors for the following purposes during the year ended June 30, 2020:

	Balance <u>July 1</u>	<u>Contributions</u>	<u>Releases</u>	Balance <u>June 30</u>
Disaster, educational, and other aid	\$ 20,500	\$ 10,629,779	\$ (10,605,672)	\$ 44,607
Food, water, and medicinal aid	—	9,215,008	(9,215,008)	—
Housing-related aid	—	2,953,627	(2,953,627)	—
Aid to orphans and vulnerable children	4,500	1,487,697	(1,492,197)	—
Total	<u>\$ 25,000</u>	<u>\$ 24,286,111</u>	<u>\$ (24,266,504)</u>	<u>\$ 44,607</u>

## CROSS CATHOLIC OUTREACH, INC.

### NOTES TO FINANCIAL STATEMENTS

#### **NOTE J – NONCASH CONTRIBUTIONS**

The Organization receives donations of food, water, medicine, and other supplies for use in relieving suffering and poverty throughout the world. Noncash contributions are recognized as revenue at estimated fair value on the date the gifts are received and are recognized as expenses when the related gifts are distributed to the end user or the date upon which the Organization no longer exercises practical control over the gifts. Pharmaceutical noncash contributions are generally valued using “wholesale acquisition cost” when available or 80% of the “average wholesale price” according to Red Book, a well-known industry pricing guide. Non-pharmaceutical noncash contributions, such as clothing, building supplies, food, and water, are generally valued at 65% of the retail price for new items and 25% of the retail price for used items. The Organization considers the valuation practices used for noncash contributions to be consistent with industry standards.

#### **NOTE K – RETIREMENT PLAN**

The Organization has adopted a 401(k) Profit Sharing Plan (“the Plan”) for the benefit of the Organization’s employees. All employees meeting the Plan’s eligibility requirements may participate in the Plan. The Organization contributed approximately \$154,000 and \$228,000 to the Plan during the years ended June 30, 2021 and 2020, respectively.

#### **NOTE L – OPERATING LEASES**

The Organization is obligated under non-cancelable lease agreements for the use of certain office space and equipment. Total rent expense for all operating leases for the years ended June 30, 2021 and 2020 amounted to approximately \$1,233,000 and \$1,219,000, respectively.

Future minimum rental payments under noncancelable operating leases are approximately as follows:

Year Ending <u>June 30,</u>	
2022	\$ 1,205,000
2023	1,165,000
2024	<u>509,000</u>
Total	<u>\$ 2,879,000</u>