



# CROSS CATHOLIC OUTREACH, INC.

## FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021





## REPORT OF INDEPENDENT AUDITOR

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

### **Opinion**

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, 2022 and 2021, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **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 the Organization’s 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 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

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

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida  
December 1, 2022

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

**ASSETS**

	June 30,	
	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 30,522,226	\$ 17,585,414
Investments	882,483	1,055,208
Inventory	43,525,612	3,575,935
Other assets	433,638	1,351,664
Due from cooperating ministry	206,566	275,432
Property and equipment, net	740,451	784,469
<b>Total assets</b>	<b>\$ 76,310,976</b>	<b>\$ 24,628,122</b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,164,718	\$ 866,917
Goods distributed in transit	43,014,139	3,413,732
<b>Total liabilities</b>	<b>44,178,857</b>	<b>4,280,649</b>
<b>NET ASSETS</b>		
Without donor restrictions	32,128,119	20,347,473
With donor restrictions	4,000	—
<b>Total net assets</b>	<b>32,132,119</b>	<b>20,347,473</b>
<b>Total liabilities and net assets</b>	<b>\$ 76,310,976</b>	<b>\$ 24,628,122</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, 2022			For The Year
	Without Donor Restrictions	With Donor Restrictions	Total	Ended June 30, 2021
<b>PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS</b>				
Noncash contributions without donor restrictions	\$ 322,823,539	\$ —	\$ 322,823,539	\$ 322,581,711
Cash contributions with donor restrictions	—	33,658,880	33,658,880	27,627,794
Cash contributions without donor restrictions	26,583,949	—	26,583,949	20,475,294
Grant revenue	1,006,837	—	1,006,837	3,633,012
Investment and other revenue, net	(77,621)	—	(77,621)	303,740
Net assets released from time and use restrictions	33,654,880	(33,654,880)	—	—
<b>Total public support and revenue and net assets released from restrictions</b>	<b>383,991,584</b>	<b>4,000</b>	<b>383,995,584</b>	<b>374,621,551</b>
<b>EXPENSES</b>				
Program activities				
Medical, food, and other assistance	328,766,763	—	328,766,763	327,197,866
Project development	16,218,916	—	16,218,916	12,949,056
Missions education	5,552,358	—	5,552,358	4,347,249
Total program activities	350,538,037	—	350,538,037	344,494,171
Supporting activities				
Management and general	10,734,976	—	10,734,976	9,356,063
Fundraising	10,937,925	—	10,937,925	7,310,187
Total supporting expenses	21,672,901	—	21,672,901	16,666,250
<b>Total expenses</b>	<b>372,210,938</b>	<b>—</b>	<b>372,210,938</b>	<b>361,160,421</b>
<b>Change in net assets without donor restrictions</b>	<b>11,780,646</b>	<b>—</b>	<b>11,780,646</b>	<b>13,505,737</b>
<b>Change in net assets with donor restrictions</b>	<b>—</b>	<b>4,000</b>	<b>4,000</b>	<b>(44,607)</b>
<b>CHANGE IN NET ASSETS</b>	<b>11,780,646</b>	<b>4,000</b>	<b>11,784,646</b>	<b>13,461,130</b>
<b>NET ASSETS - Beginning of year</b>	<b>20,347,473</b>	<b>—</b>	<b>20,347,473</b>	<b>6,886,343</b>
<b>NET ASSETS - End of year</b>	<b>\$ 32,128,119</b>	<b>\$ 4,000</b>	<b>\$ 32,132,119</b>	<b>\$ 20,347,473</b>

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

	For The Years Ended	
	June 30,	
	2022	2021
<b>OPERATING CASH FLOWS</b>		
Cash received from contributors	\$ 60,242,829	\$ 48,103,088
Cash received from grants	1,995,797	—
Cash received from other sources	95,104	39,718
Cash paid for operating activities and costs	(49,249,375)	(38,348,836)
<b>Net operating cash flows</b>	<b>13,084,355</b>	<b>9,793,970</b>
<b>INVESTING CASH FLOWS</b>		
Purchases of and improvements to property and equipment	(147,543)	(92,963)
<b>Net investing cash flows</b>	<b>(147,543)</b>	<b>(92,963)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>12,936,812</b>	<b>9,701,007</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>17,585,414</b>	<b>7,884,407</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 30,522,226</b>	<b>\$ 17,585,414</b>

**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 statement of activities. See Note G.

**CROSS CATHOLIC OUTREACH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For The Year Ended June 30, 2022

	Program activities				Supporting activities			Total expenses
	Medical, food, and other assistance	Project development	Missions education	Total program	Management and general	Fundraising	Total supporting	
Salaries	\$ 1,084,343	\$ 841,011	\$ 2,707,490	\$ 4,632,844	\$ 5,316,427	\$ 2,972,708	\$ 8,289,135	\$ 12,921,979
Employee benefits	—	—	694,224	694,224	939,707	564,057	1,503,764	2,197,988
Payroll taxes	76,657	57,709	100,351	234,717	349,616	200,522	550,138	784,855
<b>Total personnel-related expenses</b>	<b>1,161,000</b>	<b>898,720</b>	<b>3,502,065</b>	<b>5,561,785</b>	<b>6,605,750</b>	<b>3,737,287</b>	<b>10,343,037</b>	<b>15,904,822</b>
Goods distributed	322,474,269	—	—	322,474,269	—	—	—	322,474,269
Grants	117,653	14,884,508	—	15,002,161	—	—	—	15,002,161
Shipping	3,610,798	—	—	3,610,798	946	38,246	39,192	3,649,990
Printing	144,108	—	762,510	906,618	1,558	2,707,728	2,709,286	3,615,904
Postage	4,320	354	550,615	555,289	150,850	1,340,312	1,491,162	2,046,451
Advertising and solicitation	60,750	—	20,170	80,920	142,184	1,233,780	1,375,964	1,456,884
Occupancy	516,079	266,188	—	782,267	372,692	146,086	518,778	1,301,045
Contractors and consultants	143,610	116,598	24,012	284,220	414,469	478,614	893,083	1,177,303
Travel	79,759	22,898	648,162	750,819	96,233	268,634	364,867	1,115,686
Product acquisition fees	327,568	—	—	327,568	—	524,118	524,118	851,686
Data processing	—	—	4,680	4,680	576,862	158,230	735,092	739,772
Equipment rental	7,225	8,519	1,536	17,280	572,121	19,425	591,546	608,826
Merchant processing and bank fees	—	—	—	—	523,503	—	523,503	523,503
Professional services	—	—	14,100	14,100	343,764	20,134	363,898	377,998
Property insurance	—	—	—	—	267,095	—	267,095	267,095
Other	7,033	19,622	6,363	33,018	157,926	49,362	207,288	240,306
Depreciation	—	—	—	—	191,561	—	191,561	191,561
Promotional items	76,509	—	949	77,458	8,605	91,303	99,908	177,366
Memberships and subscriptions	3,671	—	823	4,494	128,681	29,999	158,680	163,174
Software	4,452	660	1,328	6,440	99,230	3,849	103,079	109,519
Airtime	6,785	—	12,075	18,860	—	72,404	72,404	91,264
Office supplies	21,166	849	2,751	24,766	43,140	17,187	60,327	85,093
Internet fees	8	—	219	227	37,806	1,227	39,033	39,260
<b>Total</b>	<b>\$ 328,766,763</b>	<b>\$ 16,218,916</b>	<b>\$ 5,552,358</b>	<b>\$ 350,538,037</b>	<b>\$ 10,734,976</b>	<b>\$ 10,937,925</b>	<b>\$ 21,672,901</b>	<b>\$ 372,210,938</b>

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**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	2,532,214	—	10	2,532,224	—	9,854	9,854	2,542,078
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
Occupancy	324,004	236,122	—	560,126	347,741	169,265	517,006	1,077,132
Advertising and solicitation	102,422	—	5,982	108,404	71,300	856,781	928,081	1,036,485
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
Other	13,773	55,263	4,570	73,606	192,356	24,473	216,829	290,435
Depreciation	—	—	—	—	263,396	—	263,396	263,396
Professional services	648	—	4,537	5,185	141,861	14,160	156,021	161,206
Promotional items	80,065	—	3,970	84,035	7,459	64,681	72,140	156,175
Memberships and subscriptions	5,378	758	698	6,834	77,640	30,734	108,374	115,208
Property insurance	—	—	—	—	86,332	—	86,332	86,332
Airtime	10,235	—	—	10,235	—	53,177	53,177	63,412
Internet fees	3,756	2,872	3,855	10,483	35,921	13,449	49,370	59,853
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>\$ 327,197,866</b>	<b>\$ 12,949,056</b>	<b>\$ 4,347,249</b>	<b>\$ 344,494,171</b>	<b>\$ 9,356,063</b>	<b>\$ 7,310,187</b>	<b>\$ 16,666,250</b>	<b>\$ 361,160,421</b>

The Accompanying Notes are an Integral  
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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 consist of holdings 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).

##### **Inventory**

Inventory consists of humanitarian relief goods which were not yet distributed to beneficiaries as of June 30, 2022 and 2021. Inventory is recorded at estimated fair value on the date of the gift. Inventory which has been shipped, but for which legal title has not yet passed from the Organization to the intended beneficiaries, is included in “goods distributed in transit” liability.

##### **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.

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

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

**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 nearly 100% of food restrictions with donated gifts in-kind to maximize the value of the donor's contribution as it is more cost effective to ship donated meals than to purchase food utilizing cash grants in country.

**Noncash contributions**

The Organization receives donations of medicines, medical supplies, food, water, disaster relief supplies, and other supplies and utilizes such donations for use in relieving suffering and poverty throughout the world through its various program activities. Noncash contributions are not monetized. Unless otherwise noted, noncash contributions do not have donor-imposed restrictions. 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 for pharmaceuticals sold in the United States. 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.

**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. 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.

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

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

**New accounting pronouncement**

The Financial Accounting Standards Board issued Accounting Standards Update *ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (“the ASU”), to improve transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The ASU is effective for the Organization’s financial statements for the year ended June 30, 2022. The ASU requires that contributed nonfinancial assets be presented separately in the statement of activities. New disclosures are also required to disaggregate contributed nonfinancial assets by category type and other qualitative information about utilization, policies, and valuation techniques. The provisions of the ASU have been retrospectively applied to the Organization’s financial statements for the year ended June 30, 2021, as required by applicable guidance.

**Reclassifications**

Certain amounts included in the June 30, 2021 financial statements have been reclassified to conform to classifications adopted during the year ended June 30, 2022. The reclassifications had no material effect on the accompanying financial statements.

**Subsequent events**

The Organization has evaluated for possible financial reporting and disclosure subsequent events through December 1, 2022, 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:

	June 30,	
	2022	2021
Financial assets available:		
Cash and cash equivalents	\$ 30,522,226	\$ 17,585,414
Investments	882,483	1,055,208
Total financial assets available	31,404,709	18,640,622
Less amounts unavailable for general expenditure within one year	—	—
Net financial assets available within one year	\$ 31,404,709	\$ 18,640,622

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 June 30, 2022, because the restrictions on net assets are expected to be met by conducting the normal activities of the Organization in the coming 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.

## CROSS CATHOLIC OUTREACH, INC.

### NOTES TO FINANCIAL STATEMENTS

#### **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.

During the years ended June 30, 2022 and 2021, approximately 86% and 74% of total noncash contribution revenue was sourced from the Organization’s three largest donors, respectively.

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

The Organization cooperates in ministry with Cross International, Inc. (“CI”). The Organization and CI operated under a shared services agreement through June 30, 2022, the terms of which are defined in the agreement. CI paid the Organization \$113,000 and \$127,000 for services under the agreement during the years ended June 30, 2022, and 2021, respectively. Additionally, CI has a note payable to the Organization for which the balance was approximately \$207,000 and \$275,000 as of June 30, 2022, and 2021, 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:

Category	June 30,	
	2022	2021
Leasehold improvements	\$ 361,149	\$ 361,149
Furniture and equipment	<u>2,613,696</u>	<u>2,483,933</u>
Total property and equipment	2,974,845	2,845,082
Less: Accumulated depreciation	<u>(2,234,394)</u>	<u>(2,060,613)</u>
Net property and equipment	<u>\$ 740,451</u>	<u>\$ 784,469</u>

Depreciation expense amounted to \$191,561 and \$263,396 during the years ended June 30, 2022 and 2021, respectively.

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

During a prior year, 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 was unsecured with 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.

## CROSS CATHOLIC OUTREACH, INC.

### NOTES TO FINANCIAL STATEMENTS

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

During each of the years ended June 30, 2022 and 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 each of the years ended June 30, 2022 and 2021 and as “other assets” in the accompanying statements of activities and the accompanying statement of financial position as of June 30, 2021.

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

Net assets were restricted by donors for the following purposes during the year ended June 30, 2022:

	<u>Balance</u> <u>July 1</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance</u> <u>June 30</u>
Disaster, educational, and other aid	\$ —	\$ 15,611,906	\$ (15,607,906)	\$ 4,000
Food, water, and medicinal aid	—	13,350,357	(13,350,357)	—
Housing-related aid	—	2,672,793	(2,672,793)	—
Aid to orphans and vulnerable children	—	<u>2,023,824</u>	<u>(2,023,824)</u>	—
Total	<u>\$ —</u>	<u>\$ 33,658,880</u>	<u>\$ (33,654,880)</u>	<u>\$ 4,000</u>

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

	<u>Balance</u> <u>July 1</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance</u> <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	—	<u>1,535,530</u>	<u>(1,535,530)</u>	—
Total	<u>\$ 44,607</u>	<u>\$ 27,627,794</u>	<u>\$ (27,672,401)</u>	<u>\$ —</u>

# CROSS CATHOLIC OUTREACH, INC.

## NOTES TO FINANCIAL STATEMENTS

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

Noncash contributions recognized in the statements of activities include:

<u>Category</u>	<u>For The Years Ended</u> <u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Medicines and medical supplies	\$ 312,638,500	\$ 298,202,193
Food and water	5,297,300	4,349,646
Disaster relief supplies	2,928,047	18,470,727
Other	1,610,422	1,396,942
Amounts held as inventory	<u>349,270</u>	<u>162,203</u>
Total noncash contributions	<u>\$ 322,823,539</u>	<u>\$ 322,581,711</u>

### **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 \$347,000 and \$154,000 to the Plan during the years ended June 30, 2022 and 2021, 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, 2022 and 2021 amounted to approximately \$1,179,000 and \$1,233,000, respectively.

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

<u>Year Ending</u> <u>June 30,</u>	
2023	\$ 1,369,000
2024	1,038,000
2025	305,000
2026	305,000
2027	<u>228,000</u>
Total	<u>\$ 3,245,000</u>