

Catholic Charities of the East Bay

Financial Statements
and Supplementary Information
and Other Audit Report

April 30, 2025
(With Comparative Totals for 2024)



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Catholic Charities of the East Bay

Opinion

We have audited the accompanying financial statements of Catholic Charities of the East Bay (a California nonprofit corporation) ("Catholic Charities"), which comprise the statement of financial position as of April 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year 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 Catholic Charities of the East Bay as of April 30, 2025, 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.

Basis for Opinion

We conducted our audit in accordance with 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Catholic Charities of the East Bay and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Catholic Charities of the East Bay'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 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information on page 26 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2026, on our consideration of Catholic Charities' 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 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 Catholic Charities' 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 Catholic Charities' internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Catholic Charities of the East Bay's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 12, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Dallas, Texas

February 20, 2026

Catholic Charities of the East Bay
Statement of Financial Position
April 30, 2025
(With Comparative Totals for 2024)

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 466,276	\$ 92,640
Cash and cash equivalents held for other organizations	106,900	1,160,616
Grants receivable, net	595,824	1,530,171
Contributions receivable, net	12,725	98,136
Prepaid and other current assets	223,758	124,206
Total current assets	1,405,483	3,005,769
Noncurrent assets		
Cash and cash equivalents held for long-term purposes	1,143,966	408,719
Investments in marketable securities	23,006,742	25,244,294
Contributions receivable, net of current portion	-	391,387
Operating lease right-of-use asset, net	633,177	766,037
Property and equipment, net	1,552,107	1,733,199
Endowment investments	3,102,596	2,418,951
Total noncurrent assets	29,438,588	30,962,587
Total assets	\$ 30,844,071	\$ 33,968,356
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 528,676	\$ 1,376,505
Funds held for other organizations	106,900	3,054,755
Deferred revenue	-	75,050
Line of credit	2,540,347	2,390,930
Current portion of note payable	57,905	55,227
Current portion of operating lease liability	131,890	138,438
Total current liabilities	3,365,718	7,090,905
Long-term liabilities		
Note payable, net of current portion	871,626	929,932
Operating lease liability, noncurrent	518,956	645,268
Total long-term liabilities	1,390,582	1,575,200
Total liabilities	4,756,300	8,666,105
Net assets		
Without donor restrictions		
Operating deficit	(2,232,939)	(3,625,841)
Board designated	10,871,234	11,270,070
Total without donor restrictions	8,638,295	7,644,229
With donor restrictions	17,449,476	17,658,022
Total net assets	26,087,771	25,302,251
Total liabilities and net assets	\$ 30,844,071	\$ 33,968,356

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

Catholic Charities of the East Bay
Statement of Activities
For the Year Ended April 30, 2025
(With Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Revenues, gains and other support				
Contributions	\$ 1,416,000	\$ 40,199	\$ 1,456,199	\$ 2,271,567
Bequests	1,483,798	-	1,483,798	371,360
Private grants	269,100	75,000	344,100	1,022,403
Government grants	2,489,652	-	2,489,652	1,733,234
Program services revenue	290,781	-	290,781	481,273
Fundraising and special events	99,438	-	99,438	102,196
Other revenue	572,449	-	572,449	164,467
Net assets released from restriction	<u>1,559,590</u>	<u>(1,559,590)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>8,180,808</u>	<u>(1,444,391)</u>	<u>6,736,417</u>	<u>6,146,500</u>
Functional expenses				
Program services	<u>6,214,425</u>	<u>-</u>	<u>6,214,425</u>	<u>6,446,032</u>
Support services				
Management and general	1,097,842	-	1,097,842	1,789,461
Fundraising	<u>781,227</u>	<u>-</u>	<u>781,227</u>	<u>901,209</u>
Total support services	<u>1,879,069</u>	<u>-</u>	<u>1,879,069</u>	<u>2,690,670</u>
Total functional expenses	<u>8,093,494</u>	<u>-</u>	<u>8,093,494</u>	<u>9,136,702</u>
Change in net assets from operations	<u>87,314</u>	<u>(1,444,391)</u>	<u>(1,357,077)</u>	<u>(2,990,202)</u>
Non-operating activity				
Realized and unrealized gains, net of investment expenses of \$186,617	670,865	859,488	1,530,353	1,397,197
Interest and dividends	<u>235,887</u>	<u>376,357</u>	<u>612,244</u>	<u>623,270</u>
Total non-operating activity	<u>906,752</u>	<u>1,235,845</u>	<u>2,142,597</u>	<u>2,020,467</u>
Change in net assets	994,066	(208,546)	785,520	(969,735)
Net assets, beginning of year	<u>7,644,229</u>	<u>17,658,022</u>	<u>25,302,251</u>	<u>26,271,986</u>
Net assets, end of year	<u>\$ 8,638,295</u>	<u>\$ 17,449,476</u>	<u>\$ 26,087,771</u>	<u>\$ 25,302,251</u>

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

Catholic Charities of the East Bay
Statement of Functional Expenses
For the Year Ended April 30, 2025
(With Comparative Totals for 2024)

	Program Services	Support Services		Total Support Services	2025 Total	2024 Total
		Management and General	Fundraising			
Personnel expenses						
Salaries and wages	\$ 3,051,921	\$ 457,905	\$ 200,359	\$ 658,264	\$ 3,710,185	\$ 3,893,680
Employee benefits	387,891	59,385	21,753	81,138	469,029	556,191
Payroll taxes	280,951	34,245	16,374	50,619	331,570	379,444
Total personnel expenses	<u>3,720,763</u>	<u>551,535</u>	<u>238,486</u>	<u>790,021</u>	<u>4,510,784</u>	<u>4,829,315</u>
Contract services	962,426	191,837	261,305	453,142	1,415,568	2,281,720
Financial assistance to individuals	443,055	-	-	-	443,055	322,076
Occupancy expense	473,493	53,495	13,542	67,037	540,530	529,171
Depreciation and amortization	158,633	17,922	4,537	22,459	181,092	188,027
Other expenses	117,490	215,897	92,284	308,181	425,671	424,790
Telecommunications	63,823	14,720	3,982	18,702	82,525	126,522
Printing and publications	589	15,888	91,900	107,788	108,377	62,534
Supplies	31,704	7,312	1,978	9,290	40,994	33,364
Travel	15,368	251	662	913	16,281	21,985
Interest expense	194,825	1,690	-	1,690	196,515	160,309
Events	5,050	6,859	56,032	62,891	67,941	65,961
Training and conferences	8,046	332	1,529	1,861	9,907	23,301
Postage	19,160	2,747	14,990	17,737	36,897	31,313
Equipment rental	-	17,357	-	17,357	17,357	36,314
Total 2025 functional expense	<u>\$ 6,214,425</u>	<u>\$ 1,097,842</u>	<u>\$ 781,227</u>	<u>\$ 1,879,069</u>	<u>\$ 8,093,494</u>	
Total 2024 functional expense	<u>\$ 6,446,032</u>	<u>\$ 1,789,461</u>	<u>\$ 901,209</u>	<u>\$ 2,690,670</u>		<u>\$ 9,136,702</u>

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

Catholic Charities of the East Bay
Statement of Cash Flows
For the Year Ended April 30, 2025
(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 785,520	\$ (969,735)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	181,092	188,027
Bad debts	489,892	-
Net realized and unrealized gains on investments	(1,530,353)	(1,397,197)
Noncash lease expense	142,938	142,938
Changes in operating assets and liabilities		
Grants receivable, net	934,347	(173,299)
Contributions receivable, net	(13,094)	74,889
Prepaid and other current assets	(5,399)	(77,094)
Accounts payable and accrued expenses	(847,829)	(105,640)
Funds held for other organizations	(2,947,855)	724,250
Deferred revenue	(75,050)	(203,182)
Paycheck Protection Program refundable advance	(94,153)	(76,442)
Operating lease liability	(142,938)	(136,085)
Net cash used in operating activities	<u>(3,122,882)</u>	<u>(2,008,570)</u>
Cash flows from investing activities		
Purchases of investments	(612,244)	(9,028,159)
Redemption of investments	3,696,504	8,804,295
Net cash provided by (used in) investing activities	<u>3,084,260</u>	<u>(223,864)</u>
Cash flows from financing activities		
Principal payments on note payable	(55,628)	(52,839)
Proceeds from line of credit, net	149,417	1,661,519
Net cash provided by financing activities	<u>93,789</u>	<u>1,608,680</u>
Net increase (decrease) in cash, cash equivalents and cash held for other organizations and long-term purposes	55,167	(623,754)
Cash, cash equivalents and cash held for other organizations and long-term purposes, beginning of year	<u>1,661,975</u>	<u>2,285,729</u>
Cash, cash equivalents and cash held for other organizations and long-term purposes, end of year	<u>\$ 1,717,142</u>	<u>\$ 1,661,975</u>

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

Catholic Charities of the East Bay
Statement of Cash Flows
For the Year Ended April 30, 2025
(With Comparative Totals for 2024)

	2025	2024
Cash, cash equivalents and cash held for other organizations and long-term purposes consisted of the following:		
Cash and cash equivalents	\$ 466,276	\$ 92,640
Cash and cash equivalents held for other organizations	106,900	1,160,616
Cash and cash equivalents held for long-term purposes	1,143,966	408,719
	\$ 1,717,142	\$ 1,661,975

Supplemental disclosure of cash flow information

Cash paid during the year for interest	\$ 196,515	\$ 160,309
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The accompanying notes are an integral part of these financial statements.

Catholic Charities of the East Bay
Notes to Financial Statements
April 30, 2025

1. NATURE OF OPERATIONS

Catholic Charities of the Diocese of Oakland, Inc. known in the community as Catholic Charities East Bay ("Catholic Charities") is a not-for-profit corporation, the Board members of which are elected subject to the approval of the Roman Catholic Bishop of the Diocese of Oakland.

Founded in 1935, after the consolidation of numerous Catholic Aid agencies to more effectively serve the poor and marginalized during the Great Depression, Catholic Charities supports children, youth, families, and seniors from crisis to stability to well-being in Alameda and Contra Costa counties. Catholic Charities provides compassionate services that honor the dignity of those served. Inspired by our faith and Catholic Social Teaching, Catholic Charities heeds the call of Pope Francis to help the vulnerable, serving people in need regardless of religious belief, race, national origin, gender or sexual orientation.

As the social service arm of the Bishop of Oakland, Catholic Charities is a member of Catholic Charities USA and Catholic Charities California, collectively among the largest providers of human services nationally and within the State of California. Catholic Charities is nationally accredited through the New York-based Council on Accreditation, demonstrating the implementation of best practice standards in the field of human services in all aspects of Catholic Charities' programs, services, management and administration.

Catholic Charities' programs are organized under three primary service areas:

Mental Health and Violence Prevention

The Mental Health and Violence Prevention division focuses on prevention, family and community engagement, and restorative practices. Services and supports within the division prioritize individuals, children, youth, and families in Alameda and Contra Costa counties. Our mental health and wellness approach incorporates family and community education, healing, and restorative practices, responses to community violence, and family preservation services in partnership with county social service agencies. Clinical services include brief therapy models of assessment, triage, and referrals for mild to moderate mental health needs. The team provides coaching and consultation in homes, schools, community locations, and faith-based settings.

Immigration Legal Services

The Immigration Legal Services division helps people in Alameda and Contra Costa counties with immigration issues when they don't have immediate legal solutions. The immigration team offers services that include legal consultations, naturalization, U.S Citizenship classes, permanent residency applications and renewals, family-based VISA petitions, and services to unaccompanied minors. The team includes qualified legal experts and Department of Justice accredited representatives. They understand the importance of building trust and using practices sensitive to trauma.

Catholic Charities of the East Bay
Notes to Financial Statements
April 30, 2025

1. NATURE OF OPERATIONS (continued)

Housing Services

The Housing Services division supports residents of Alameda and Contra Costa counties with emergency rental assistance, rental deposits, utility payments, and case management services for community members struggling with finding sustainable housing. Through community partnerships, the team helps housing clients maintain their current housing through rental assistance and provides case management services to identify other resources to improve their quality of life.

Disaster Emergency Services

Catholic Charities, supported by the Federal Emergency Management Agency (FEMA), Catholic Charities California, and the California Office of Emergency Services, offers case management services to people affected by natural disasters in Alameda and Contra Costa counties. This service, called Disaster Case Management (DCM), provides survivors with a single contact to access various programs and resources to address their disaster-related needs. A disaster case manager helps each client create a recovery plan and identifies available assistance based on their situation and needs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The financial statements of Catholic Charities are prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") specific to nonprofit organizations. Catholic Charities is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- *Net assets without donor restrictions* - consist of all resources that have not been restricted by a donor and are available to support Catholic Charities' activities. Net assets without donor restrictions may be designated for specific purposes by the Board of Directors of Catholic Charities.
- *Net assets with donor restrictions* - represent contributions that are limited in use in accordance with donor-imposed stipulations. These stipulations may expire with time or may be satisfied by the actions of Catholic Charities according to the intention of the donor. Upon satisfaction of such stipulations, the associated net assets are released from net assets with donor restrictions and reported as net assets without donor restrictions. This occurs by increasing one class of net assets and decreasing another in the statement of activities. These transactions are reported as net assets released from restriction and are reported separately from other transactions.

Catholic Charities of the East Bay
Notes to Financial Statements
April 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Catholic Charities considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents.

Catholic Charities classifies cash and cash equivalents available for operations within the next 12 months as current assets. Any cash and cash equivalents that are not available for operations within the next 12 months are classified as non-current assets.

Grants receivable, net

Grants receivable are primarily from government agencies. An allowance for expected credit losses ("AECL") is provided based upon management's judgment including such factors as prior collection history, type of grant, current aging of grants receivable, and expectations of future cash flows.

Contributions and contributions receivable

Contributions received are reported as net assets with donor restrictions or net assets without donor restrictions, depending upon donor restrictions, if any.

Contributions, including unconditional promises to give, are recognized as revenue in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is, when the barrier has been overcome and the right of release/right of return no longer exists. Contributions that are promised in one year but are not expected to be collected until after the end of that year are discounted at an appropriate discount rate commensurate with the risks involved. There was no such discount recorded for the year ended April 30, 2025, as there were no outstanding multi-year receivables. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for doubtful contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and current aging of contributions receivable.

Investments

Investments are stated at fair value. Investments in stocks which are listed on national securities exchanges, quoted on NASDAQ, or on the over-the-counter market are valued at the last reported sale price, or in the absence of a recorded sale, at a value between the most recent bid and asked prices. Investments in mutual funds and fixed annuities are valued at the net asset value of shares held by Catholic Charities at year-end. Any change in the carrying amount of investments held is included in the statement of activities as unrealized gain or loss. All investment income, gains and losses are reported as net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law.

Catholic Charities of the East Bay
Notes to Financial Statements
April 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

Investment transactions are recorded on trade date. Realized gains and losses on sales of investments are determined on the specific identification basis. Unrealized gains or losses on investments resulting from fair value fluctuations are recorded in the statement of activities net of investment expenses.

Fair value measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Catholic Charities determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value (Level 1, Level 2 and Level 3).

This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels:

- *Level 1* - Quoted market prices are available in active market for identical assets or liabilities as of the reporting date.
- *Level 2* - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
- *Level 3* - Pricing inputs are observable and shall be used to measure fair value to the extent that observable inputs are not available. The inputs into the determination of fair value are based upon the best information available and require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following methods and assumptions were used to estimate the fair value of assets and liabilities:

- Investments (Level 1). Investments in equity and debt securities are valued at their fair values as determined primarily by quoted market prices.

Catholic Charities of the East Bay
Notes to Financial Statements
April 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

- Investments (Level 2). Investments in structured investment securities are valued using a combination of discounted cash flow analysis for the debt component and option pricing models (such as Black-Scholes or Monte Carlo simulation) for embedded derivatives. Inputs include current interest rate curves, volatility assumptions, and issuer credit spreads. Adjustments for credit risk and liquidity may also be applied. Where market quotes are available, mark-to-market pricing is used.

Property and equipment

Catholic Charities capitalizes all property and equipment with a cost greater than \$2,500 with an estimated useful life in excess of one year. Property and equipment is carried at cost or, if donated, at the estimated fair value on the date of the contribution. Minor repairs and maintenance are charged against earnings as incurred. Major repairs and maintenance that extend the useful life of the respective asset are capitalized. Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered, Catholic Charities, using its best estimates and projections, reviews the carrying value of long-lived identifiable assets to be held and used in the future for impairment. Catholic Charities will record impairment losses when determined.

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Buildings	10 - 30 years
Automobiles	3 - 5 years
Furniture and fixtures	3 - 7 years

Leases

Leases that are entered into are reported as an increase to right-to-use assets and lease liabilities (other than leases that meet the definition of a short-term lease). Catholic Charities assess all new agreements for (a) whether the contract contains a lease, (b) whether the classification should be financing lease or operating lease, or (c) any amount of initial direct costs as these items impact the treatment for leases under ASC 842, *Leases*.

Catholic Charities of the East Bay
Notes to Financial Statements
April 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenues or support are reported as increases in net assets without donor restrictions unless subject to donor-imposed restrictions. If revenue is subject to donor restrictions, it is included in net assets with donor restrictions and, once restrictions are met, is released from restrictions and recorded as revenue released to net assets without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless restricted by explicit donor stipulation by the law.

- *Government grants* - Catholic Charities recognizes revenue from grants for programmatic purposes when the promise to give is deemed unconditional. Conditional promises to give are recognized only when the barrier has been overcome and the right of release/right of return no longer exists.
- *Private grants* - Private grants are recognized when the grantor makes a promise to give to Catholic Charities that is, in substance, unconditional. Conditional promises to give are recognized only when the barrier has been overcome and the right of release/right of return no longer exists.
- *Program services revenue* - Program service revenue consists primarily of fees for housing, counseling, and immigration services and are recognized as services are performed.
- *Bequests* - Bequests are recognized as income at the time an assailable right to the gift has been established and the proceeds are measurable in the amount. The Board has designated that funds received by bequest shall not be used for current operations, but be transferred in the investment fund for long-term use.

Government grants

Government grants are generally received under contracts from federal, state, county and city agencies. These contracts are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Catholic Charities has incurred expenditures in compliance with specific contract or grant provisions. Catholic Charities has elected a simultaneous release option to account for these grants and thus are recorded as revenue without donor restriction upon satisfaction of the barriers. Amounts received prior to incurring qualifying expenditures or performing the required services are reported as a component of deferred revenue. Catholic Charities did not have any deferred revenue recorded as of April 30, 2025. Catholic Charities had cost-reimbursable grants totaling approximately \$2,100,000 that have not been recognized at April 30, 2025.

Deferred revenue

Deferred revenue consists of deposits received in the current fiscal year that pertain to services to be performed in the following fiscal year.

Catholic Charities of the East Bay
Notes to Financial Statements
April 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional expenses

The costs of providing program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Direct identification of specific expenses is Catholic Charities' preferable method of charging expenses to various functions. Catholic Charities has a number of expenses which relate to more than one program or supporting activity, or to a combination of programs and supporting activities. Expenses, such as payroll and benefits, have been allocated among program services and supporting services based upon the employees' time spent by function. Facility related costs such as depreciation and amortization have been allocated based on square footage. Insurance has been allocated based on estimated percent of payroll by each functional classification.

Concentration of credit risk

Catholic Charities maintains its cash balances with a high quality institution. Periodically, such amounts may exceed Federal Deposit Insurance Corporation ("FDIC") limits. Risks associated with cash are mitigated by banking with creditworthy institutions. Catholic Charities has not experienced any losses in such accounts.

Income tax status

Catholic Charities of the East Bay is exempt from Federal income and California franchise taxes under provisions of Section 501(c)(3) of the Internal Revenue Code and Section 27301d of the California Revenue and Taxation Code. As such, there is no provision for income taxes.

Catholic Charities has evaluated its current tax positions and has concluded that as of April 30, 2025, Catholic Charities does not have any significant uncertain tax positions for which a reserve would be necessary.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Catholic Charities of the East Bay
Notes to Financial Statements
April 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summarized comparative financial information

The financial statements include certain prior-year summarized comparative information in total but not by net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with Catholic Charities' financial statements for the year ended April 30, 2024, from which the summarized information was derived.

Reclassifications

Certain amounts presented in the prior year financial statements have been reclassified to conform to the current year presentation. Such reclassifications had no net effect on total assets, liabilities, net assets, changes in net assets, or cash flows from the amounts previously presented.

3. CONTRIBUTIONS RECEIVABLE, NET

Unconditional promises to give, which are not expected to be collected until after the year promised, are reflected in the accompanying financial statements as contributions receivable and revenue in the appropriate net asset category.

Contributions receivable, net consisted of the following as of April 30, 2025:

Receivable in less than one year	\$ 12,725
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During the year ended April 30, 2025, management performed significant clean up of the financial records. As part of the efforts, management identified approximately \$490,000 of non-performing pledges receivable which were ultimately written off as bad debt expense and are included in other expense in the accompanying statement of functional expenses. As a result of these efforts, management has not established an allowance on the remaining balance as 100% of the balance is expected to be fully collectible.

4. INVESTMENTS

Investments consisted of the following:

Investments in marketable securities	\$ 23,006,742
Endowment investments	<u>3,102,596</u>
	<u>\$ 26,109,338</u>

Catholic Charities of the East Bay
Notes to Financial Statements
April 30, 2025

4. INVESTMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, Catholic Charities of the East Bay's investment assets at fair value as of April 30, 2025:

	Level 1	Level 2	Level 3	Fair Value
Fixed income	\$ 7,633,810	\$ -	\$ -	\$ 7,633,810
Equities	14,699,219	-	-	14,699,219
Alternative stocks	2,473,494	-	-	2,473,494
Structured investments	-	1,302,815	-	1,302,815
	\$ 24,806,523	\$ 1,302,815	\$ -	\$ 26,109,338

5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following as of April 30, 2025:

Land	\$ 374,224
Buildings	4,016,566
Automobiles	40,634
Furniture and fixtures	503,418
	4,934,842
Accumulated depreciation and amortization	(3,382,735)
	\$ 1,552,107

Depreciation and amortization expense for the year ended April 30, 2025 was \$181,092.

6. FUNDS HELD ON BEHALF OF OTHER ORGANIZATIONS

Catholic Charities acts as a fiscal agent for disbursing the San Francisco Chronicle's Season of Sharing fund in Alameda and Contra Costa Counties and Alameda County's Homeless & Emergency Lodging Program ("HELP"). The Season of Sharing and HELP funds are used primarily for housing assistance to individuals. Alameda County Department of Social Services and Contra Costa County administer the Season of Sharing program, which involves county social services agencies and other community organizations it designates to screen and direct disbursements to eligible individuals. Catholic Charities is one of the designated organizations. The HELP program is administered by the Alameda County Department of Social Services and modeled off of the Season of Sharing program, but is restricted to Alameda County residents.

Catholic Charities of the East Bay
Notes to Financial Statements
April 30, 2025

7. LINE OF CREDIT

During May 2019, Catholic Charities entered into a liquidity access line agreement with a major financial institution. The line has a borrowing limit of \$4,000,000 and bears interest at the 30-day average secured overnight financing rate ("SOFR") for such day plus the interest spread (5.97% at April 30, 2025). Catholic Charities has a balance outstanding of \$2,540,347 at April 30, 2025. The line is collateralized by a portion of Catholic Charities' investment balance and is due on demand (see Note 10).

8. NOTE PAYABLE

In December 2012, Catholic Charities entered into a note payable agreement with a corporation for the purchase of a building in Richmond, California, with the payments being amortized over a 20 year period. During the year ended April 30, 2018, Catholic Charities refinanced the mortgage note. The note bears interest at a fixed rate of 4.68% with principal and interest payments due monthly. The note is secured by a first deed of trust on the property and the remaining unpaid balance with any interest is repayable on June 29, 2037.

The future maturities of the note payable are as follows:

<u>Year ending April 30,</u>	
2026	\$ 57,905
2027	60,713
2028	63,557
2029	66,740
2030	69,976
Thereafter	<u>610,640</u>
	<u><u>\$ 929,531</u></u>

Catholic Charities of the East Bay
Notes to Financial Statements
April 30, 2025

9. PAYCHECK PROTECTION PROGRAM

On May 3, 2020, Catholic Charities received loan proceeds of \$1,412,115 from a promissory note issued by MUFG Union Bank, N.A., under the Paycheck Protection Program ("PPP") which was established under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and is administered by the U.S. Small Business Administration. The term on the loan was two years and the annual interest rate was 1.00%. Payments of principal and interest were deferred for the first six months of the loan. On April 7, 2021, Catholic Charities received a second PPP loan, with proceeds of \$1,412,137 from a promissory note issued by Bank of the West. The term on the loan is 66 months, and the annual interest rate is 1.00%. Payments of principal and interest are deferred for the first year of the loan. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loans granted under PPP. Such forgiveness will be determined based on the use of the loan proceeds for payroll costs, rent and utility expenses and the maintenance of workforce and compensation levels with certain limitations. On September 15, 2021, the first PPP loan was forgiven in full. Catholic Charities has not applied for forgiveness of the second PPP loan as of the date of the audit report. Catholic Charities believes that it will likely qualify for forgiveness on the vast majority of the second PPP loan, but there is uncertainty around the standards and operation of the PPP, and no assurance is provided that Catholic Charities will obtain forgiveness in whole or in part.

Catholic Charities initially recorded the loans as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. All conditions for recognition had been met as of April 30, 2022, resulting in the refundable advance being fully recognized into revenue and removed from liabilities. However, forgiveness had not been formally applied for as of year end, and therefore Catholic Charities continued to make payments in accordance with the loan repayment provisions, resulting in an asset to be refunded to the organization. During the year ended April 30, 2025, Catholic Charities made payments amounting to \$94,153 on the refundable advance. Payments made on the refundable advance are included in prepaid and other current assets in the accompanying statement of financial position. Catholic Charities expects to apply for forgiveness for the amounts recognized into revenue under the second PPP loan within the next fiscal year.

10. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consisted of the following as of April 30, 2025:

Board designated - Board Directed Fund	\$ 500,000
Board designated - Endowment	2,982,059
Board designated - Pledged securities	6,000,000
Board designated - Funds held for other organizations	106,900
Board designated - Care for the Elderly	<u>1,282,275</u>
	10,871,234
Operating deficit	<u>(2,232,939)</u>
	<u>\$ 8,638,295</u>

Catholic Charities of the East Bay
Notes to Financial Statements
April 30, 2025

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of April 30, 2025:

Housing Counseling	\$	116,236
Immigration		57,025
Family/children programming		2,412,467
Federal homelessness advocacy		13,074,196
Rolke Family Foundation Endowment Fund		120,537
Youth: Restorative Justice & Violence Prevention		92,741
Financial assistance		684,908
Family literacy program		106,112
Care for the elderly		742,114
General support		18,140
Mental health: Violence prevention		<u>25,000</u>
	<u>\$</u>	<u>17,449,476</u>

During the year ended April 30, 2020, Catholic Charities received a contribution in the form of a 60-unit apartment building which Catholic Charities subsequently sold to a 3rd party. The use of the proceeds of the sale and any earnings on the investment of the proceeds of the sale are restricted by the donor for federal homelessness advocacy.

For the year ended April 30, 2025, net assets released from restriction were \$1,559,590, which were released from time and purpose restrictions.

12. ENDOWMENT

The Catholic Charities' endowment consists of donor-restricted endowment funds and board-designated endowment funds. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Catholic Charities of the East Bay
Notes to Financial Statements
April 30, 2025

12. ENDOWMENT (continued)

Interpretation of relevant law

In accordance with Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), Catholic Charities considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Return objectives and risk parameters

Catholic Charities has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, Catholic Charities diversifies its investments, subject to practicality constraints, among a variety of asset classes so as to provide a balance that will enhance total real return while avoiding undue risk concentration in any single asset class or investment category.

Spending policy

Catholic Charities has established an unrestricted board-designated endowment to set aside and invest bequested assets in perpetuity to provide for the long-term financial stability of Catholic Charities. As part of the annual budget process, the Board of Directors uses their discretion to determine the appropriate utilization of the funds, using 4% of the 3 year fair market value of the endowment as a guide. All earnings of the endowment funds not withdrawn are reinvested.

Catholic Charities of the East Bay
Notes to Financial Statements
April 30, 2025

12. ENDOWMENT (continued)

Endowment composition

Endowment net asset composition by type of fund as of April 30, 2025 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment	\$ 2,982,059	\$ -	\$ 2,982,059
Donor-restricted endowment	<u>-</u>	<u>120,537</u>	<u>120,537</u>
	<u>\$ 2,982,059</u>	<u>\$ 120,537</u>	<u>\$ 3,102,596</u>

Changes in endowment net assets for the fiscal year ended April 30, 2025 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, April 30, 2024	<u>\$ 2,307,516</u>	<u>\$ 111,435</u>	<u>\$ 2,418,951</u>
Investment return			
Interest and dividends	182,105	-	182,105
Net realized and unrealized gain	<u>523,959</u>	<u>9,102</u>	<u>533,061</u>
Total investment return	706,064	9,102	715,166
Contributions	457,380	-	457,380
Appropriation of endowment assets for expenditure	<u>(488,901)</u>	<u>-</u>	<u>(488,901)</u>
Balance, April 30, 2025	<u>\$ 2,982,059</u>	<u>\$ 120,537</u>	<u>\$ 3,102,596</u>

13. RIGHT-OF-USE LEASE ASSET AND LESSEE OBLIGATION

Catholic Charities leases commercial space under an operating lease agreement which was previously scheduled to expire in November 2024 with an option to extend the lease term for an additional 5 years. Catholic Charities exercised this option and the lease now expires on November 30, 2029. Catholic Charities is obligated to make variable payments ranging from \$10,874 to \$12,984 per month as base rent over the term of the lease.

Operating lease cost and cash paid for amounts included in the measurement of lease liabilities for the year ended April 30, 2025 were both approximately \$143,000. Lease expense is included in occupancy expenses in the accompanying statement of functional expenses.

Catholic Charities of the East Bay
Notes to Financial Statements
April 30, 2025

13. RIGHT-OF-USE LEASE ASSET AND LESSEE OBLIGATION (continued)

A summary of the remaining lease term and discount rate is as follows:

Weighted-average lease discount rate	1.39%
Weighted-average remaining lease term in years	4.59

The scheduled minimum lease payments under the lease terms are as follows:

<u>Year ending April 30,</u>	
2026	\$ 140,168
2027	144,373
2028	148,704
2029	153,165
2030	<u>86,392</u>
	672,802
Less: imputed interest	<u>(21,956)</u>
	<u><u>\$ 650,846</u></u>

14. RETIREMENT PLAN

On November 1, 2008, Catholic Charities adopted a 403(b) plan. Employees are eligible to participate. There is no minimum age or service requirements for employees to make salary reduction contributions to the plan. Eligibility for employer base and matching contributions are offered only to employees age 18 and older who have completed 1,000 hours of service within any 12-month period of employment with Catholic Charities or other members of the Catholic Charities USA network and the Roman Catholic Diocese of Oakland. The established base contribution rate is 3% of compensation. Contributions paid to the plan for the year ended April 30, 2025 amounted to \$50,868.

15. CONCENTRATIONS

During the year ended April 30, 2025, contributions from one donor accounted for 28% of contributions, bequests, and private grants revenue and grants from three grantors accounted for 80% of government grant revenue. As of April 30, 2025, amounts from two grantors accounted for approximately 79% of total grants receivable, and four donors accounted for approximately 82% of contributions receivable.

Catholic Charities of the East Bay
Notes to Financial Statements
April 30, 2025

16. COMMITMENTS AND CONTINGENCIES

From time to time, Catholic Charities may be involved in claims and legal actions arising in the ordinary course of business. Management does not believe that there are any claims or assessments currently outstanding which are more likely than not to be sustained by the claimant upon litigation or mediation.

17. LIQUIDITY AND FUNDS AVAILABLE

As part of Catholic Charities' liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To meet liquidity needs, Catholic Charities has cash and cash equivalents available. Additionally, grants receivable consist primarily of amounts due from third parties that have been historically collected within 60 days of the year-end. Contributions receivable that are considered current will be collected from donors within one year from the date of the statement of financial position and will be available for general expenditures.

Monthly, the Finance and Investment Committee of the Board of Directors reviews Catholic Charities' statement of financial position and discusses what may be a reasonable cash position to maintain. The Finance and Investment Committee has set 30 days in cash as the minimum for fiscal year 2025, with the expectation that Catholic Charities will continue to build toward a minimum of 60 days in cash.

The following is a quantitative disclosure which describes assets that are available within one year of April 30, 2025 to fund general expenditures and other obligations when they become due:

Financial assets	
Cash and cash equivalents	\$ 466,276
Grants receivable	595,824
Contributions receivable, net	<u>12,725</u>
 Financial assets available to meet cash needs for general expenditure within one year	 <u><u>\$ 1,074,825</u></u>

Catholic Charities has financial assets and cash and cash equivalents available at April 30, 2025 to cover approximately 32 days and 8 days, respectively, of operating expenses based on the fiscal year 2026 daily budgeted run rate for all program and support services expense of approximately \$25,575, excluding depreciation.

It is highly probable that net assets with time and purpose restrictions that are included in cash and cash equivalents at April 30, 2025 will be released and available for general expenditure within one year.

In the event of an unanticipated liquidity need, Catholic Charities may draw upon its \$4,000,000 available operating line of credit. See Note 7 for further description of the line of credit. In addition, the board-designated funds could be made available in its entirety if needed (see Note 10).

Catholic Charities of the East Bay
Notes to Financial Statements
April 30, 2025

18. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 20, 2026, which is the date the financial statements were available to be issued. No subsequent events have occurred, other than those described below, that would have a material impact on the presentation of Catholic Charities' financial statements.

During the year ended April 30, 2025, Catholic Charities entered into a purchase agreement with a buyer to sell the property at 217 Harbour Way totaling \$4,700,000. As part of the sale, the buyer agreed to leaseback the property to Catholic Charities for an initial term of 180 months. Catholic Charities may, without payment of any termination fee or damages, terminate this lease commencing on the thirty-first month of the term with proper notice. The transaction closed on July 18, 2025. The purchase agreement qualifies for sale-leaseback accounting starting in fiscal year 2026 under ASC 842, *Leases*.

SUPPLEMENTARY INFORMATION

Catholic Charities of the East Bay
Schedule of Activities for Contracts with Alameda County
For the Year Ended April 30, 2025

Contract Number	900139-23552	900139-24799	900139-18269
	7/01/2024-	7/1/2024-	7/1/2020 -
Contract Period	6/30/2025	6/30/2025	12/31/2025
Contract Period Amount	\$ 78,724	\$ 37,000	\$ 1,800,000

<u>Contract/Program Description</u>	<u>Social Services Agency Child Abuse Prevention, Intervention & Treatment</u>	<u>Social Services Agency of the County of Alameda - Legal Services for Special Immigrant Juvenile Status</u>	<u>Alameda County Homeless & Emergency Lodging Program</u>	<u>Total</u>
Revenue				
Grants	<u>\$ 13,913</u>	<u>\$ 37,000</u>	<u>\$ 736,622</u>	<u>\$ 787,535</u>
Expenses				
Employee compensation				
Salaries	\$ 9,044	\$ 24,050	\$ -	\$ 33,094
Employee benefits	2,170	5,772	-	7,942
Payroll taxes	692	1,840	-	2,532
	<u>11,906</u>	<u>31,662</u>	<u>-</u>	<u>43,568</u>
Other operating expenses				
Program expenses	-	1,014	712,622	713,636
Occupancy cost	616	624	-	1,240
Fees and charges	-	-	24,000	24,000
Indirect	1,391	3,700	-	5,091
	<u>2,007</u>	<u>5,338</u>	<u>736,622</u>	<u>743,967</u>
	<u>\$ 13,913</u>	<u>\$ 37,000</u>	<u>\$ 736,622</u>	<u>\$ 787,535</u>

OTHER AUDIT REPORT



INDEPENDENT AUDITOR'S 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 Charities of the East Bay

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 Charities of the East Bay (a California nonprofit corporation) ("Catholic Charities"), which comprise the statement of financial position as of April 30, 2025, 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 February 20, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Catholic Charities' 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 Catholic Charities' internal control. Accordingly, we do not express an opinion on the effectiveness of Catholic Charities' 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. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Catholic Charities' 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 Catholic Charities' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Catholic Charities' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dallas, Texas

February 20, 2026