

**CATHOLIC YOUTH ORGANIZATION AND AFFILIATE  
CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2020 AND 2019**



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## INDEPENDENT AUDITORS' REPORT

Corporate Members and Board of Directors  
Catholic Youth Organization and Affiliate  
Washington, DC

We have audited the accompanying consolidated financial statements of Catholic Youth Organization and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Corporate Members and Board of Directors  
Catholic Youth Organization and Affiliate

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Catholic Youth Organization and Affiliate as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Arlington, Virginia  
November 9, 2020

**CATHOLIC YOUTH ORGANIZATION AND AFFILIATE  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2020 AND 2019**

<b>ASSETS</b>	2020	2019
Cash and cash equivalents	\$ -	\$ 96,579
Accounts receivable, net (note 1)	24,805	25,619
Pledge receivable (note 3)	-	182,100
Prepaid expenses	3,088	22,692
Due from affiliated corporations, net (note 3)	734,850	2,364,298
Investments (note 2)	1,867,442	-
Fixed assets:		
Furniture and equipment	101,298	123,122
Automobile	34,141	49,179
Less: accumulated depreciation	(59,927)	(69,095)
Fixed assets, net	75,512	103,206
Total assets	\$ 2,705,697	\$ 2,794,494
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 20,326	\$ 23,928
Deferred revenue	10,370	-
Note payable	69,200	-
Total liabilities	99,896	23,928
<b>NET ASSETS</b>		
Net assets without donor restrictions:		
Invested in property and equipment	75,512	103,206
Undesignated net assets	2,413,208	2,368,179
Total net assets without donor restrictions	2,488,720	2,471,385
Net assets with donor restrictions (note 6)	117,081	299,181
Total net assets	2,605,801	2,770,566
Total liabilities and net assets	\$ 2,705,697	\$ 2,794,494

See accompanying Notes to Consolidated Financial Statements.

**CATHOLIC YOUTH ORGANIZATION AND AFFILIATE  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, SUPPORT, AND GAINS</b>						
Contribution from Central Pastoral Administration of the Archdiocese of Washington (note 3)	\$ -	\$ -	\$ -	\$ -	\$ 182,100	\$ 182,100
Donated services (note 3)	60,886	-	60,886	81,639	-	81,639
Contributions and bequests	5,464	-	5,464	165,971	-	165,971
Special program income	635,098	-	635,098	667,390	-	667,390
Interest and investment income, net (note 2)	41,681	-	41,681	27,965	64	28,029
Net assets released from restriction	182,100	(182,100)	-	244,100	(244,100)	-
<b>Total revenue, support, and gains</b>	<b>925,229</b>	<b>(182,100)</b>	<b>743,129</b>	<b>1,187,065</b>	<b>(61,936)</b>	<b>1,125,129</b>
<b>EXPENSES AND LOSSES</b>						
Program services (notes 1 and 3):						
Youth ministries	199,034	-	199,034	213,524	-	213,524
Athletic programs	470,954	-	470,954	508,339	-	508,339
<b>Total program services</b>	<b>669,988</b>	<b>-</b>	<b>669,988</b>	<b>721,863</b>	<b>-</b>	<b>721,863</b>
Support services (note 3):						
Administrative services	230,893	-	230,893	214,445	-	214,445
Development	7,013	-	7,013	7,714	-	7,714
<b>Total supporting services</b>	<b>237,906</b>	<b>-</b>	<b>237,906</b>	<b>222,159</b>	<b>-</b>	<b>222,159</b>
<b>Total expenses and losses</b>	<b>907,894</b>	<b>-</b>	<b>907,894</b>	<b>944,022</b>	<b>-</b>	<b>944,022</b>
Change in net assets from continuing operations	17,335	(182,100)	(164,765)	243,043	(61,936)	181,107
Loss from discontinued operations (note 7)	-	-	-	(12,819)	-	(12,819)
<b>CHANGE IN NET ASSETS</b>	<b>17,335</b>	<b>(182,100)</b>	<b>(164,765)</b>	<b>230,224</b>	<b>(61,936)</b>	<b>168,288</b>
Net assets - beginning of year	2,471,385	299,181	2,770,566	2,241,161	361,117	2,602,278
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 2,488,720</b>	<b>\$ 117,081</b>	<b>\$ 2,605,801</b>	<b>\$ 2,471,385</b>	<b>\$ 299,181</b>	<b>\$ 2,770,566</b>

See accompanying Notes to Consolidated Financial Statements.

**CATHOLIC YOUTH ORGANIZATION AND AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2020**

	Program Services			Support Services			Total
	Youth Ministries	Athletic Programs	Total Program Services	Administrative Services	Development	Total Supporting Services	
Salaries and wages	\$ 130,222	\$ 99,144	\$ 229,366	\$ 75,413	\$ 4,539	\$ 79,952	\$ 309,318
Benefits	27,810	21,173	48,983	16,105	969	17,074	66,057
Total compensation and benefits	158,032	120,317	278,349	91,518	5,508	97,026	375,375
Office Cost	1,458	3,461	4,919	6,112	-	6,112	11,031
Conferences, meetings, and travel	9,252	-	9,252	3,235	-	3,235	12,487
Professional fees	3,850	175,650	179,500	2,759	-	2,759	182,259
Food and beverages	1,005	279	1,284	630	-	630	1,914
Insurance	-	-	-	15,108	-	15,108	15,108
Depreciation	-	-	-	26,844	-	26,844	26,844
Rental equipment	2,500	145,787	148,287	-	-	-	148,287
Trophies and awards	-	5,880	5,880	-	706	706	6,586
Rent	-	-	-	25,000	-	25,000	25,000
Administrative/accounting services	-	-	-	100,886	-	100,886	100,886
Bad debt expense	-	2,117	2,117	-	-	-	2,117
Allocation of program administration costs	22,937	17,463	40,400	(41,199)	799	(40,400)	-
Total expenses by function	\$ 199,034	\$ 470,954	\$ 669,988	\$ 230,893	\$ 7,013	\$ 237,906	\$ 907,894

See accompanying Notes to Consolidated Financial Statements.

**CATHOLIC YOUTH ORGANIZATION AND AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2019**

	Program Services			Support Services			Total
	Youth Ministries	Athletic Programs	Total Program Services	Administrative Services	Development	Total Supporting Services	
Salaries and wages	\$ 121,080	\$ 94,403	\$ 215,483	\$ 41,058	\$ 4,314	\$ 45,372	\$ 260,855
Benefits	26,739	20,848	47,587	9,067	953	10,020	57,607
Total compensation and benefits	147,819	115,251	263,070	50,125	5,267	55,392	318,462
Office Cost	2,589	12,203	14,792	9,327	-	9,327	24,119
Conferences, meetings, and travel	21,199	996	22,195	8,592	-	8,592	30,787
Professional fees	6,875	196,911	203,786	8,400	-	8,400	212,186
Food and beverages	4,517	441	4,958	530	185	715	5,673
Insurance	-	-	-	13,749	-	13,749	13,749
Depreciation	-	-	-	21,506	-	21,506	21,506
Rental equipment	5,964	148,323	154,287	-	-	-	154,287
Trophies and awards	90	12,224	12,314	-	1,390	1,390	13,704
Rent	-	-	-	25,000	-	25,000	25,000
Administrative/accounting services	-	-	-	121,639	-	121,639	121,639
Bad debt expense	-	2,910	2,910	-	-	-	2,910
Allocation of program administration costs	24,471	19,080	43,551	(44,423)	872	(43,551)	-
Total expenses by function	\$ 213,524	\$ 508,339	\$ 721,863	\$ 214,445	\$ 7,714	\$ 222,159	\$ 944,022

See accompanying Notes to Consolidated Financial Statements.



**CATHOLIC YOUTH ORGANIZATION AND AFFILIATE  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (164,765)	\$ 168,288
Adjustments to reconcile change in net assets to net cash flows provided by operating activities from continuing operations:		
Loss on discontinued operations	-	12,819
Depreciation	26,844	21,506
Net loss on disposal of fixed assets	1,382	-
Unrealized gain on investments	(17,403)	-
Decrease (increase) in assets:		
Prepaid expenses	19,604	(21,992)
Accounts receivable	814	(54)
Pledge receivable	182,100	62,000
Due from affiliated corporations	1,629,448	(137,729)
Increase in liabilities:		
Accounts payable and accrued expenses	(3,602)	968
Deferred revenue	10,370	-
Net cash provided by operating activities from continuing operations	1,684,792	105,806
Loss on discontinued operations	-	(12,819)
Net cash used by operating activities from discontinued operations	-	(12,819)
Net cash provided by operating activities	1,684,792	92,987
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(1,850,039)	-
Purchases of property and equipment	(532)	(92,923)
Net cash used by investing activities	(1,850,571)	(92,923)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings under note payable	69,200	-
Net cash provided by financing activities	69,200	-
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(96,579)	64
Cash and cash equivalents - beginning of year	96,579	96,515
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ -	\$ 96,579
<b>SUPPLEMENTAL NONCASH INVESTING ACTIVITIES</b>		
Proceeds from sale of property received and held by CPA	\$ -	\$ 1,970,693

See accompanying Notes to Consolidated Financial Statements.

**CATHOLIC YOUTH ORGANIZATION AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Organization**

Catholic Youth Organization (CYO) is responsible for youth work in the Archdiocese, including youth retreats, scouting, youth outreach, athletic programs, junior and senior high school youth groups, and leadership training in youth ministry. Moneys are received directly from participants, parishes, and youth groups to defray the costs of each program and activity.

The geographic territory encompassed by CYO comprises the District of Columbia and the Maryland counties of Montgomery, Prince George's, Charles, Calvert, and St. Mary's. CYO fulfills its mission by operating the following programs:

*Youth Ministries* – Assists parishes in adolescent ministry through consultation and training of adults. Youth ministry also includes African-American, Hispanic Youth and Young Adult, and national and international activities such as World Youth Day and Catholic Scouting.

*Athletic Programs* – Offers basketball, baseball, softball, soccer, and track. Most programs are available to children grades 3-8.

**(b) Principles of Consolidation**

The consolidated financial statements include the accounts of CYO and its affiliate, Mattaponi Pavilion Fund, Inc., collectively referred to as the Organization. MPF is controlled by CYO. See Note 8 for further details. All significant intercompany transactions have been eliminated. CYO and MPF are separate corporations affiliated with the Archdiocese of Washington (the Archdiocese).

**(c) Basis of Presentation**

The accompanying consolidated financial statements include the financial position, changes in net assets, and cash flows of the Organization on the accrual basis of accounting.

**(d) Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires CYO to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**(e) Cash and Cash Equivalents**

CYO's cash is held in a pooled bank account by the Central Pastoral Administration. Expenses of CYO are paid from this pooled account and the net cash inflows/outflows for the period are recorded as due to/from affiliate in the consolidated statements of financial position. CYO also held an insured deposit account which comprised the entity's cash equivalents at June 30, 2019. This account was liquidated and closed during the fiscal year 2020. Cash equivalents excludes amounts that are held for investment purposes.

**CATHOLIC YOUTH ORGANIZATION AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(f) Accounts Receivable**

Accounts receivable represent amounts due from parishes for program fees. CYO estimates uncollectible accounts based on the aging of outstanding receivables and management's estimate of their net realizable values. At June 30, 2020 and 2019, the allowance for doubtful accounts was \$14,407 and \$28,705, respectively.

**(g) Investments**

Investments are recorded at fair value. Management reviews and evaluates the fair values provided by external investment managers and believes that the valuation methods and assumptions used in determining their fair values are reasonable.

**(h) Fair Value Measurements**

CYO accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement. CYO uses a framework for measuring fair value to establish a fair value hierarchy based on the quality of inputs used to measure fair value.

CYO has categorized their financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Financial assets whose values are based on unadjusted quoted prices for identical assets in an active market that the CYO has the ability to access. Securities value using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange. Securities valued using Level 1 input includes actively traded mutual funds.

*Level 2* – Financial assets whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset. Level 2 inputs include among others, quoted prices for similar assets in active market or nonactive markets.

*Level 3* – Financial assets whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset.

**(i) Property and Equipment**

Certain automobiles and equipment are stated at cost, if purchased. Property received as a gift is recorded at fair value on the date of transfer. All acquisitions greater than \$250 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of 5 years.

In accordance with canon law, all real property is titled to the Archbishop of Washington.

**CATHOLIC YOUTH ORGANIZATION AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(j) Net Assets**

Net assets and revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions; accordingly, the net assets of CYO and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may be met either by actions of CYO and/or the passage of time.

Revenue is reported as increase in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

**(k) Revenue Recognition**

The majority of CYO's program fees includes participation fees for CYO's sports seasons. Fees received in advance are deferred. The performance obligation is satisfied and revenue is therefore recognized ratably over time during the season.

Contributions and grants received, which include unconditional promises to give (pledges), are recognized as revenue without donor restrictions in the period received at their net present value unless their use is restricted by donor stipulation. All pledges receivable at June 30, 2020 and 2019, are expected to be collected in less than one year.

**(l) Donated Services**

The Central Pastoral Administration provides administrative services to CYO. A portion of the services provided is recorded as donated services revenue for the years ended June 30, 2020 and 2019. See Note 3. In addition, a substantial number of unpaid volunteers have made significant contributions of time to various programs and fundraising activities. The value of this contributed time is not reflected in these consolidated statements as the services provided do not meet the requirements for financial reporting.

**(m) Income Taxes**

CYO and MPF are recognized as exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the consolidated financial statements.

**CATHOLIC YOUTH ORGANIZATION AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(n) Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Salaries are allocated based on estimates of time and effort. Certain other administrative costs, such as depreciation, rent expense, and mileage reimbursements, have been allocated among the programs based on the percentage of time spent by employees in each program.

**(o) Liquidity**

As part of CYO's liquidity management in fiscal year 2020, CYO invested cash in excess of daily requirements in an investment account. CYO's Board requires that the majority of long-term fund assets be invested in liquid securities in order to deal with unplanned cash requirements that may arise. CYO does not own and operate its own bank account for payment of expenditures. Cash is held in a pooled bank account by CPA, a related party, and the net cash inflows/outflows are recorded through a due to/due from affiliate account. The net balance due from CPA at year-end is included in the figure below.

The following reflects CYO's financial assets as of the date of the consolidated statements of financial position, reduced by amounts not available for general use within one year of the consolidated statements of financial position.

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ -	\$ 96,579
Receivables, net	24,805	25,619
Pledge receivable	-	182,100
Due from affiliated corporations	734,850	2,364,298
Investments	<u>1,867,442</u>	<u>-</u>
	2,627,097	2,668,596
Less: Donor-imposed purpose restrictions	<u>(117,081)</u>	<u>(117,081)</u>
	<u>\$ 2,510,016</u>	<u>\$ 2,551,515</u>

**(p) Adoption of Recent Accounting Pronouncements**

CYO has adopted the accounting guidance in Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, issued by the Financial Accounting Standards Board (FASB). The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods and services. CYO adopted ASU 2014-09 during 2020 using the modified retrospective method, which did not result in an adjustment to net assets because the adoption of ASU 2014-09 did not have a material impact on the organization's reported historical revenue.

**CATHOLIC YOUTH ORGANIZATION AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(p) Adoption of Recent Accounting Pronouncements (continued)**

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958) – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The guidance provides a more robust framework to determine when a transaction should be accounted for as a contribution or as an exchange transaction. The guidance also requires an entity to determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The ASU has been applied using the modified retrospective method with no effect on net assets.

**(q) Reclassifications**

Certain reclassifications were made to the 2019 consolidated financial statements in order to conform to the 2020 presentation. These reclassifications has no effect on previously reported change in net assets or net asset amounts.

**(r) Subsequent Events**

In preparing these consolidated financial statements, CYO has evaluated events and transactions for potential recognition or disclosure through November 9, 2020, the date that the consolidated financial statements were available to be issued.

**NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS**

During 2020, the CYO established an investment account. The following is a summary of the fair value measurements of the CYO's investments within the fair value hierarchy with a disclosure of the investments as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 651,469	\$ -	\$ -	\$ 651,469
Equities	625,547	-	-	625,547
Mutual Funds	394,081	-	-	394,081
Corporate Bonds	-	46,807	-	46,807
Government Bonds	-	149,538	-	149,538
Total	<u>\$ 1,671,097</u>	<u>\$ 196,345</u>	<u>\$ -</u>	<u>\$ 1,867,442</u>

Interest and investment income consist of the following for the year ended June 30, 2020:

Interest and dividends, net	\$ 38
Unrealized gain (loss)	17,403
Total	<u>\$ 17,441</u>

The investment income above is included in interest and investment income on the accompanying consolidated statements of activities, which also includes \$24,240 and \$28,029 of interest earned on cash balances for the years ended June 30, 2020 and 2019, respectively.

**CATHOLIC YOUTH ORGANIZATION AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 3 RELATED-PARTY TRANSACTIONS**

**Contribution from Archdiocese of Washington**

CYO recognized a contribution receivable of \$182,100 as revenue with donor restrictions from the Central Pastoral Administration for the year ended June 30, 2019, to be collected and used for the next fiscal year's operations. At June 30, 2020 and 2019, the amount pledged for the subsequent year's support of \$-0- and \$182,100, respectively, is included in pledge receivable.

**Reimbursement of Insurance Costs**

CYO paid \$15,108 and \$14,448 in 2020 and 2019, respectively, for participation in the Archdiocesan insurance programs, which are self-insured up to certain limits for property casualty and workers' compensation. CYO also paid \$42,843 and \$38,333 in 2020 and 2019, respectively, for participation in the Archdiocesan employee benefit plans, including retirement, health care, unemployment and life insurance.

**Rent and Administrative Services**

The Central Pastoral Administration rents office space to CYO valued and reimbursed at \$25,000 for each of the years ended June 30, 2020 and 2019. The Central Pastoral Administration also provides administrative services to CYO. CYO recorded donated services from the Central Pastoral Administration valued at \$60,886 and \$81,639 for the years ended June 30, 2020 and 2019, respectively. In addition to the donated services, CYO reimbursed the Central Pastoral Administration for administrative services totaling \$40,000 for each of the years ended June 30, 2020 and 2019.

**Net Due to/from Affiliated Corporations**

The Central Pastoral Administration pays certain expenses and processes cash receipts on behalf of CYO. At June 30, 2020 and 2019, \$734,850 and \$2,364,298, respectively, was due from the Central Pastoral Administration and was included in the net due from affiliated corporations on the consolidated statements of financial position. The balance at June 30, 2019, of \$2,364,298 included funds from the sale of Mattaponi, of which \$1,850,000 was transferred to CYO and invested during fiscal year 2020.

**NOTE 4 RETIREMENT PLAN**

CYO participates in the Retirement Plan of the Archdiocese of Washington (the Retirement Plan), a defined benefit plan, which was frozen effective December 31, 2012. No further benefits will be accrued. To have been eligible for participation in the Retirement Plan, an employee must have completed one year of service, been at least 21 years of age, and regularly worked 20 or more hours per week. Information as to vested and nonvested benefits, as well as plan assets and unfunded liabilities, related solely to CYO is not readily determinable. In accordance with ASC 715-30-55-63, *Defined Benefit Plans - Pension*, CYO accounts for its participation in the Retirement Plan as a multiemployer plan.

**CATHOLIC YOUTH ORGANIZATION AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 4 RETIREMENT PLAN (CONTINUED)**

Effective January 1, 2013, CYO also participates in a 403(b) plan, the Archdiocese of Washington Retirement Savings Plan (the Plan). The Plan is a defined contribution plan covering all employees immediately upon date of hire who regularly work 20 hours or more per week. Participants are eligible to make contributions as salary deductions from 1% to 100% of pay up to a maximum of \$18,000 per year for employees under 50 years of age and up to \$26,000 for those 50 and older. For the first 4% of salary an employee contributes to the Plan, CYO provides a 50% match. CYO also provides an annual contribution between 1% and 4% based on years of service, regardless of employee participation in the Plan. Employer contributions vest at a rate of 20% per year for five years.

During the years ended June 30, 2020 and 2019, CYO's portion of retirement costs was \$24,623 and \$21,198, respectively.

**NOTE 5 NOTE PAYABLE**

On April 15, 2020 the Organization received a loan from United Bank in the amount of \$69,200 to fund payroll, rent, and utilities through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the loan will have a maturity date of April 2022.

**NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS**

The following summarizes the nature of net assets with donor restrictions and the purpose for which such net assets may be used as of June 30:

	2020	2019
Future time periods	\$ -	\$ 182,100
Scouting and other programs	117,081	117,081
	<u>\$ 117,081</u>	<u>\$ 299,181</u>



**CATHOLIC YOUTH ORGANIZATION AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 7 DISCONTINUED OPERATIONS**

Mattaponi Pavilion Fund, Inc. (MPF) was established in 1999 to raise funds for the construction of a pavilion at the Mattaponi Retreat Center, which is owned by CYO. The Mattaponi Retreat Center closed October 1, 2013, and was sold on July 19, 2018. The operating results of the discontinued operations totaled \$12,819 for the year ended June 30, 2019.

**NOTE 8 CONCENTRATION OF REVENUE**

CYO received a substantial portion of its support from major revenue sources. During the year ended June 30, 2019, approximately 17% and 15% total revenue, excluding in-kind donations, was received from the Archdiocese and a major donor, respectively. There were no such concentrations in 2020.

**NOTE 9 CONTINGENCIES**

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to CYO, COVID-19 may impact various parts of its 2021 operations and financial results including but not limited to loss or delays of revenues related to team sports in the subsequent period. Management believes CYO is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.