

**CATHOLIC YOUTH ORGANIZATION AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**



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**CATHOLIC YOUTH ORGANIZATION AND AFFILIATE
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YEARS ENDED JUNE 30, 2021 AND 2020**

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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, 2021 and 2020, 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, 2021 and 2020, 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 15, 2021

**CATHOLIC YOUTH ORGANIZATION AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020**

	2021	2020
ASSETS		
Accounts receivable, net (note 1)	\$ 14,195	\$ 24,805
Pledge receivable (note 3)	182,100	-
Prepaid expenses	6,999	3,088
Due from affiliated corporations, net (note 3)	525,599	734,850
Investments (note 2)	2,257,197	1,867,442
Fixed assets:		
Furniture and equipment	113,418	101,298
Automobile	29,047	34,141
Less: accumulated depreciation	(67,141)	(59,927)
Fixed assets, net	75,324	75,512
 Total assets	 \$ 3,061,414	 \$ 2,705,697
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 14,106	\$ 20,326
Deferred revenue	6,170	10,370
PPP loan	-	69,200
Total liabilities	20,276	99,896
NET ASSETS		
Net assets without donor restrictions:		
Invested in property and equipment	75,324	75,512
Undesignated net assets	2,666,633	2,413,208
Total net assets without donor restrictions	2,741,957	2,488,720
 Net assets with donor restrictions (note 6)	 299,181	 117,081
 Total net assets	 3,041,138	 2,605,801
 Total liabilities and net assets	 \$ 3,061,414	 \$ 2,705,697

See accompanying Notes to Consolidated Financial Statements.

**CATHOLIC YOUTH ORGANIZATION AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS						
Contribution from Central Pastoral Administration of the Archdiocese of Washington (note 3)	\$ 182,100	\$ 182,100	\$ 364,200	\$ -	\$ -	\$ -
Donated services (note 3)	60,281	-	60,281	60,886	-	60,886
Contributions and bequests	6,009	-	6,009	5,464	-	5,464
Special program income	68,165	-	68,165	635,098	-	635,098
Interest and investment income, net (note 2)	389,755	-	389,755	41,681	-	41,681
Other income	99,833	-	99,833	-	-	-
Net assets released from restriction	-	-	-	182,100	(182,100)	-
	<u>806,143</u>	<u>182,100</u>	<u>988,243</u>	<u>925,229</u>	<u>(182,100)</u>	<u>743,129</u>
EXPENSES AND LOSSES						
Program services (notes 1 and 3):						
Youth ministries	139,554	-	139,554	199,034	-	199,034
Athletic programs	165,128	-	165,128	470,954	-	470,954
Total program services	<u>304,682</u>	<u>-</u>	<u>304,682</u>	<u>669,988</u>	<u>-</u>	<u>669,988</u>
Support services (note 3):						
Administrative services	241,722	-	241,722	230,893	-	230,893
Development	6,502	-	6,502	7,013	-	7,013
Total support services	<u>248,224</u>	<u>-</u>	<u>248,224</u>	<u>237,906</u>	<u>-</u>	<u>237,906</u>
Total expenses and losses	<u>552,906</u>	<u>-</u>	<u>552,906</u>	<u>907,894</u>	<u>-</u>	<u>907,894</u>
CHANGE IN NET ASSETS	253,237	182,100	435,337	17,335	(182,100)	(164,765)
Net assets - beginning of year	<u>2,488,720</u>	<u>117,081</u>	<u>2,605,801</u>	<u>2,471,385</u>	<u>299,181</u>	<u>2,770,566</u>
NET ASSETS - END OF YEAR	<u>\$ 2,741,957</u>	<u>\$ 299,181</u>	<u>\$ 3,041,138</u>	<u>\$ 2,488,720</u>	<u>\$ 117,081</u>	<u>\$ 2,605,801</u>

See accompanying Notes to Consolidated Financial Statements.

**CATHOLIC YOUTH ORGANIZATION AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021**

	Program Services			Support Services		Total Support Services	Total
	Youth Ministries	Athletic Programs	Total Program Services	Administrative Services	Development		
Salaries and wages	\$ 92,781	\$ 97,929	\$ 190,710	\$ 74,488	\$ 4,483	\$ 78,971	\$ 269,681
Benefits	21,073	22,242	43,315	16,919	1,018	17,937	61,252
Total compensation and benefits	113,854	120,171	234,025	91,407	5,501	96,908	330,933
Office cost	2,477	4,112	6,589	6,319	-	6,319	12,908
Conferences, meetings, and travel	5,779	-	5,779	920	-	920	6,699
Professional fees	387	10,585	10,972	12,974	-	12,974	23,946
Food and beverages	-	140	140	708	-	708	848
Insurance	-	-	-	15,168	-	15,168	15,168
Depreciation	-	-	-	24,166	-	24,166	24,166
Rental equipment	-	5,982	5,982	-	-	-	5,982
Trophies and awards	50	4,563	4,613	-	-	-	4,613
Rent	-	-	-	25,000	-	25,000	25,000
Administrative/accounting services	-	-	-	100,281	-	100,281	100,281
Bad debt expense	-	1,568	1,568	-	-	-	1,568
Repairs and maintenance	-	-	-	794	-	794	794
Allocation of program administration costs	17,007	18,007	35,014	(36,015)	1,001	(35,014)	-
Total expenses by function	\$ 139,554	\$ 165,128	\$ 304,682	\$ 241,722	\$ 6,502	\$ 248,224	\$ 552,906

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 Support Services	Total
	Youth Ministries	Athletic Programs	Total Program Services	Administrative Services	Development		
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	<u>\$ 199,034</u>	<u>\$ 470,954</u>	<u>\$ 669,988</u>	<u>\$ 230,893</u>	<u>\$ 7,013</u>	<u>\$ 237,906</u>	<u>\$ 907,894</u>

See accompanying Notes to Consolidated Financial Statements.

**CATHOLIC YOUTH ORGANIZATION AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 435,337	\$ (164,765)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	24,166	26,844
Net (gain) loss on disposal of fixed assets	(30,634)	1,382
Unrealized and realized gains on investments	(367,139)	(17,403)
Debt forgiveness - PPP loan	(69,200)	-
Decrease (increase) in assets:		
Prepaid expenses	(3,911)	19,604
Accounts receivable	10,610	814
Pledge receivable	(182,100)	182,100
Due from affiliated corporations	209,251	1,629,448
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(6,220)	(3,602)
Deferred revenue	(4,200)	10,370
	15,960	1,684,792
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	230,295	-
Purchases of investments	(252,911)	(1,850,039)
Purchases of property and equipment	(37,986)	(532)
Insurance proceeds to replace stolen equipment	44,642	-
	(15,960)	(1,850,571)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings under note payable	-	69,200
	-	69,200
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	(96,579)
Cash and cash equivalents - beginning of year	-	96,579
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ -	\$ -

See accompanying Notes to Consolidated Financial Statements.

**CATHOLIC YOUTH ORGANIZATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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 and was dormant during the years ended June 30, 2021 and 2020. 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. Cash equivalents excludes amounts that are held for investment purposes.

**CATHOLIC YOUTH ORGANIZATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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, 2021 and 2020, the allowance for doubtful accounts was \$5,688 and \$14,407, 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 its 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 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, 2021 AND 2020**

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, 2021 and 2020, 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, 2021 and 2020; 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, 2021 AND 2020**

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.

Financial assets:		
Receivables, net	\$ 14,195	\$ 24,805
Pledge receivable	182,100	-
Due from affiliated corporations	525,599	734,850
Investments	<u>2,257,197</u>	<u>1,867,442</u>
	2,979,091	2,627,097
Less: Donor-imposed purpose restrictions	<u>(117,081)</u>	<u>(117,081)</u>
	<u>\$ 2,862,010</u>	<u>\$ 2,510,016</u>

(p) Subsequent Events

In preparing these consolidated financial statements, CYO has evaluated events and transactions for potential recognition or disclosure through November 15, 2021, the date that the consolidated financial statements were available to be issued.

**CATHOLIC YOUTH ORGANIZATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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:

	2021			
	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 43,376	\$ -	\$ -	\$ 43,376
Equities	1,413,626	-	-	1,413,626
Mutual Funds	430,154	-	-	430,154
Corporate Bonds	-	138,200	-	138,200
Government Bonds	-	231,841	-	231,841
Total	\$ 1,887,156	\$ 370,041	\$ -	\$ 2,257,197

	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	\$ 1,671,097	\$ 196,345	\$ -	\$ 1,867,442

Interest and investment income consist of the following for the years ended June 30:

	2021	2020
Investment return:		
Interest and dividends, net	\$ 42,588	\$ 38
Unrealized and realized gains	367,139	17,762
Investment fees	(19,972)	(359)
Total	\$ 389,755	\$ 17,441

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

NOTE 3 RELATED-PARTY TRANSACTIONS

Contribution from Archdiocese of Washington

CYO recognized contribution revenue of \$364,200 during the year ended June 30, 2021. This amount includes a contribution receivable of \$182,100 as revenue with donor restrictions from the Central Pastoral Administration, to be collected and used for the next fiscal year's operations. At June 30, 2021 and 2020, the amount pledged for the subsequent year's support of \$182,100 and \$0-, respectively, is included in pledge receivable.

**CATHOLIC YOUTH ORGANIZATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 3 RELATED-PARTY TRANSACTIONS (CONTINUED)

Reimbursement of Insurance Costs

CYO paid \$15,168 and \$15,108 in 2021 and 2020, 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 \$40,767 and \$42,843 in 2021 and 2020, 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, 2021 and 2020. The Central Pastoral Administration also provides administrative services to CYO. CYO recorded donated services from the Central Pastoral Administration valued at \$60,281 and \$60,886 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020.

Net Due to/from Affiliated Corporations

The Central Pastoral Administration pays certain expenses and processes cash receipts on behalf of CYO. At June 30, 2021 and 2020, \$525,599 and \$734,850, 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.

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.

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, 2021 and 2020, CYO's portion of retirement costs was \$21,946 and \$24,623, respectively.

**CATHOLIC YOUTH ORGANIZATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 5 NOTE PAYABLE

On April 15, 2020, CYO 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 CYO 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.

On June 25, 2021, the Small Business Administration provided United Bank with funds in the amount of \$69,200 to apply towards CYO's PPP Loan as the loan was forgiven.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on CYO's financial position.

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:

	2021	2020
Future time periods	\$ 182,100	\$ -
Scouting and other programs	117,081	117,081
	\$ 299,181	\$ 117,081

NOTE 7 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 is still impacting its 2021 operations and financial results. This includes but is 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 of the pandemic. However, the full impact of COVID-19 and the new Delta Variant are unknown and cannot be reasonably estimated as these events are continuously developing.