



**SJT GROUP LLC**  
CERTIFIED PUBLIC ACCOUNTANTS



**CATHOLIC CHARITIES**  
HONORING HUMAN DIGNITY

Independent Auditor's Report,  
Consolidated Financial Statements,  
Supplementary Information,  
and  
Single Audit Information

June 30, 2025 and 2024

# Catholic Charities

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## Independent Auditor's Report

Board of Directors  
Catholic Charities

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Catholic Charities and its subsidiaries Hibernian House and CC Housing, Inc. (collectively “Catholic Charities”, a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audits 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 Consolidated Financial Statements section of our report. We are required to be independent of Catholic Charities and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Consolidated Financial Statements***

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Catholic Charities’ ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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## ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 consolidated 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 consolidated 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' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Catholic Charities' 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 consolidated financial statements as a whole. The consolidating statements on pages 33-35 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on page 36, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 12, 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 solely 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 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.

SJT Group LLC

Albuquerque, New Mexico  
February 12, 2026

## Consolidated Financial Statements

**Catholic Charities**  
**Consolidated Statements of Financial Position**  
**June 30,**

	2025	2024 (as restated)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 1,473,869	\$ 985,010
Certificates of deposit	5,666,454	-
Accounts receivable	142,692	137,216
Contracts and grants receivable	372,057	610,871
Unconditional promises to give, net	-	31,610
Prepaid expenses, current portion	135,292	16,316
Notes receivable, current portion	107,945	103,204
Total current assets	7,898,309	1,884,227
Noncurrent assets		
Replacement reserves	52,849	58,340
Agency trust deposits	37,304	37,304
Restricted cash and cash equivalents	169,940	176,621
Security deposits	10,779	9,849
Prepaid expenses, net of current portion	56,875	56,631
Notes receivable, net of current portion	6,888,851	6,997,610
Right-of-use operating lease asset, net	86,586	-
Property and equipment, net	7,101,455	6,528,660
Total noncurrent assets	14,404,639	13,865,015
Total assets	\$ 22,302,948	\$ 15,749,242

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

**Catholic Charities**  
**Consolidated Statements of Financial Position – continued**  
**June 30,**

	2025	2024 (as restated)
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 201,020	\$ 145,429
Payroll and related liabilities	192,295	123,856
Accrued paid time off	170,736	112,350
Deferred revenue	309	56,477
Operating lease liability, current portion	43,396	-
Long-term debt, current portion	85,408	123,992
Total current liabilities	693,164	562,104
Noncurrent liabilities		
Security deposits	5,339	4,446
Operating lease liability, net of current portion	44,646	-
Long-term debt, net of current portion and unamortized debt issuance costs	6,017,637	6,103,881
Capital advance from the U.S. Department of Housing and Urban Development (HUD)	1,183,300	1,183,300
Total noncurrent liabilities	7,250,922	7,291,627
Total liabilities	7,944,086	7,853,731
Net assets		
Without donor restrictions	8,494,789	7,691,708
With donor restrictions	5,864,073	203,803
Total net assets	14,358,862	7,895,511
Total liabilities and net assets	\$ 22,302,948	\$ 15,749,242

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

**Catholic Charities**  
**Consolidated Statement of Activities**  
**For the Year Ended June 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>			
Contracts and grants			
Federal	\$ 2,032,385	\$ -	\$ 2,032,385
Non-federal	2,430,118	-	2,430,118
Total contracts and grants	<u>4,462,503</u>	<u>-</u>	<u>4,462,503</u>
Contributions			
Monetary	2,963,669	5,691,880	8,655,549
Archdiocese of Santa Fe	185,000	-	185,000
In-kind	158,280	-	158,280
United Way	34,928	-	34,928
Total contributions	<u>3,341,877</u>	<u>5,691,880</u>	<u>9,033,757</u>
Other support and revenue			
Program fees	187,755	-	187,755
Special events	261,202	-	261,202
Rental income	76,619	-	76,619
Other income	21,574	-	21,574
Investment income	322,827	-	322,827
Total other support and revenue	<u>869,977</u>	<u>-</u>	<u>869,977</u>
Net assets released from restrictions	31,610	(31,610)	-
Total support and revenue	<u>8,705,967</u>	<u>5,660,270</u>	<u>14,366,237</u>
<b>Expenses</b>			
Program services			
Self-sufficiency and housing assistance	2,819,246	-	2,819,246
Educational opportunity and career pathways	877,319	-	877,319
Children's learning center	1,302,033	-	1,302,033
Immigration support and services	400,350	-	400,350
Refugee support and services	191,495	-	191,495
Community involvement	399,115	-	399,115
Hibernian House	160,061	-	160,061
Affordable housing	277,468	-	277,468
Total program services	<u>6,427,087</u>	<u>-</u>	<u>6,427,087</u>
Supporting services			
Management and general	1,034,640	-	1,034,640
Fundraising	441,159	-	441,159
Total supporting services	<u>1,475,799</u>	<u>-</u>	<u>1,475,799</u>
Total expenses	<u>7,902,886</u>	<u>-</u>	<u>7,902,886</u>
Change in net assets	803,081	5,660,270	6,463,351
Net assets, beginning of year (as restated, Note 23)	7,691,708	203,803	7,895,511
<b>Net assets, end of year</b>	<u>\$ 8,494,789</u>	<u>\$ 5,864,073</u>	<u>\$ 14,358,862</u>

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

**Catholic Charities**  
**Consolidated Statement of Activities**  
**For the Year Ended June 30, 2024 (as restated)**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>			
Contracts and grants			
Federal	\$ 1,811,580	\$ -	\$ 1,811,580
Non-federal	2,566,516	-	2,566,516
Total contracts and grants	4,378,096	-	4,378,096
Contributions			
Monetary	1,398,425	16,750	1,415,175
Archdiocese of Santa Fe	160,417	-	160,417
In-kind	190,579	-	190,579
United Way	34,701	-	34,701
Total contributions	1,784,122	16,750	1,800,872
Other support and revenue			
Program fees	570,786	-	570,786
Special events	244,837	-	244,837
Rental income	60,125	-	60,125
Other income	234,228	-	234,228
Investment income	158,941	-	158,941
Loss on disposal of land	(115,000)	-	(115,000)
Total other support and revenue	1,153,917	-	1,153,917
Net assets released from restrictions	12,899	(12,899)	-
Total support and revenue	7,329,034	3,851	7,332,885
<b>Expenses</b>			
Program services			
Self-sufficiency and housing assistance	2,338,888	-	2,338,888
Educational opportunity and career pathways	818,457	-	818,457
Children's learning center	1,247,056	-	1,247,056
Immigration support and services	485,342	-	485,342
Refugee support and services	183,144	-	183,144
Community involvement	400,626	-	400,626
Hibernian House	124,019	-	124,019
Affordable housing	312,077	-	312,077
Total program services	5,909,609	-	5,909,609
Supporting services			
Management and general	892,474	-	892,474
Fundraising	344,498	-	344,498
Total supporting services	1,236,972	-	1,236,972
Total expenses	7,146,581	-	7,146,581
Change in net assets	182,453	3,851	186,304
Net assets, beginning of year	7,509,255	199,952	7,709,207
<b>Net assets, end of year</b>	<b>\$ 7,691,708</b>	<b>\$ 203,803</b>	<b>\$ 7,895,511</b>

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

**Catholic Charities**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended June 30, 2025**

	Program Services						
	Self-Sufficiency and Housing Assistance	Educational Opportunity and Career Pathways	Children's Learning Center	Immigration Support and Services	Refugee Support and Services	Community Involvement	Hibernian House
Salaries, payroll taxes, and benefits	\$ 867,420	\$ 629,372	\$ 980,583	\$ 273,362	\$ 132,421	\$ 225,210	\$ 50,789
Special assistance	1,750,496	-	72	-	592	9,003	-
Repairs and maintenance	53,374	48,348	63,919	16,136	9,093	20,427	14,662
In-kind	42,442	-	-	-	23,278	92,560	-
Utilities and telephone	17,133	27,629	24,821	12,919	4,196	10,456	10,933
Interest	5,074	21,687	22,884	4,709	614	2,732	-
Dues and subscriptions	4,872	10,124	7,840	6,878	1,327	6,460	-
Special events	-	-	-	-	-	-	-
Rent	30,023	-	-	6,926	12,709	7,503	2,684
Contract services	3,966	12,231	8,896	20,260	1,159	257	11,723
Insurance	5,348	11,138	13,713	5,670	290	3,459	8,758
Food	209	-	56,978	-	556	2,182	-
Miscellaneous	3,309	8,278	5,295	1,192	827	1,667	15,179
Supplies	637	679	22,735	73	128	398	13,977
Legal fees	4,312	-	-	-	-	2,006	-
Audit and accounting fees	1,191	5,097	5,437	1,097	133	652	-
Bad debt expense	-	-	-	-	-	-	7
Travel, meetings, and conferences	3,285	1,906	416	6,600	2,135	2,691	391
Printing and related equipment lease	1,594	2,188	2,227	2,791	16	105	-
Staff development	804	403	2,961	2,161	183	664	2,455
Postage	999	-	53	5,425	-	1	-
Bank fees	215	-	199	1,326	-	-	-
Advertising and marketing	6,000	50	251	-	-	791	-
Employee/volunteer appreciation	-	-	164	41	-	213	-
Total expenses before depreciation and amortization	<u>2,802,703</u>	<u>779,130</u>	<u>1,219,444</u>	<u>367,566</u>	<u>189,657</u>	<u>389,437</u>	<u>131,558</u>
Depreciation and amortization	16,543	98,189	82,589	32,784	1,838	9,678	28,503
Total expenses	<u>\$ 2,819,246</u>	<u>\$ 877,319</u>	<u>\$ 1,302,033</u>	<u>\$ 400,350</u>	<u>\$ 191,495</u>	<u>\$ 399,115</u>	<u>\$ 160,061</u>

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

**Catholic Charities**  
**Consolidated Statement of Functional Expenses – continued**  
**For the Year Ended June 30, 2025**

	Program Services		Supporting Services			Total Expenses
	Affordable Housing	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries, payroll taxes, and benefits	\$ 146,541	\$ 3,305,698	\$ 777,853	\$ 318,694	\$ 1,096,547	\$ 4,402,245
Special assistance	21,481	1,781,644	10	-	10	1,781,654
Repairs and maintenance	5,639	231,598	47,832	12,878	60,710	292,308
In-kind	-	158,280	-	-	-	158,280
Utilities and telephone	1,683	109,770	21,339	5,132	26,471	136,241
Interest	48,880	106,580	21,082	2,972	24,054	130,634
Dues and subscriptions	931	38,432	21,559	6,157	27,716	66,148
Special events	-	-	-	63,280	63,280	63,280
Rent	-	59,845	3,285	-	3,285	63,130
Contract services	3,415	61,907	-	-	-	61,907
Insurance	176	48,552	10,204	1,441	11,645	60,197
Food	-	59,925	-	-	-	59,925
Miscellaneous	-	35,747	10,930	4,995	15,925	51,672
Supplies	46	38,673	4,604	221	4,825	43,498
Legal fees	30,457	36,775	3,132	64	3,196	39,971
Audit and accounting fees	15,650	29,257	3,815	677	4,492	33,749
Bad debt expense	-	7	28,785	-	28,785	28,792
Travel, meetings, and conferences	658	18,082	7,142	706	7,848	25,930
Printing and related equipment lease	466	9,387	3,802	10,535	14,337	23,724
Staff development	110	9,741	5,376	197	5,573	15,314
Postage	18	6,496	3,817	1,474	5,291	11,787
Bank fees	100	1,840	7,503	1,097	8,600	10,440
Advertising and marketing	-	7,092	-	296	296	7,388
Employee/volunteer appreciation	-	418	2,143	-	2,143	2,561
Total expenses before depreciation and amortization	276,251	6,155,746	984,213	430,816	1,415,029	7,570,775
Depreciation and amortization	1,217	271,341	50,427	10,343	60,770	332,111
Total expenses	\$ 277,468	\$ 6,427,087	\$ 1,034,640	\$ 441,159	\$ 1,475,799	\$ 7,902,886

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

**Catholic Charities**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended June 30, 2024**

	Program Services						
	Self-Sufficiency and Housing Assistance	Educational Opportunity and Career Pathways	Children's Learning Center	Immigration Support and Services	Refugee Support and Services	Community Involvement	Hibernian House
Salaries, payroll taxes, and benefits	\$ 672,173	\$ 518,025	\$ 920,013	\$ 343,293	\$ 107,276	\$ 219,140	\$ 21,343
Special assistance	1,437,886	-	-	523	22,259	41,071	-
Repairs and maintenance	42,688	52,619	48,929	16,576	10,358	17,271	16,680
In-kind	67,781	-	-	11,340	27,035	84,423	-
Utilities and telephone	26,175	21,090	19,525	16,199	4,224	7,138	10,270
Interest	6,052	22,351	21,433	5,342	1,149	2,430	-
Dues and subscriptions	4,050	51,768	5,374	3,307	753	4,062	-
Special events	-	1,719	2,231	-	557	-	-
Rent	27,955	-	-	1,952	2,350	3,628	2,417
Contract services	15,671	34,361	9,781	26,473	1,363	129	10,420
Insurance	7,132	15,935	15,763	4,319	1,050	3,420	7,703
Food	-	-	61,426	-	-	49	-
Miscellaneous	2,343	8,385	7,936	1,800	1,285	1,926	9,627
Supplies	493	2,321	67,925	379	-	1,111	10,579
Legal fees	1,518	-	242	2,416	-	1,308	-
Audit and accounting fees	2,963	1,348	1,510	919	315	117	5,127
Bad debt expense	-	-	-	-	-	-	76
Travel, meetings, and conferences	5,731	9,639	316	6,027	204	2,794	87
Printing and related equipment lease	1,898	2,723	1,864	3,530	-	218	-
Staff development	493	2,426	2,105	2,195	-	212	1,187
Postage	721	-	-	2,872	-	143	-
Bank fees	530	-	1,049	4,049	480	-	-
Advertising and marketing	-	288	-	35	-	1,145	-
Employee/volunteer appreciation	237	-	708	134	-	860	-
Total expenses before depreciation and amortization	<u>2,324,490</u>	<u>744,998</u>	<u>1,188,130</u>	<u>453,680</u>	<u>180,658</u>	<u>392,595</u>	<u>95,516</u>
Depreciation and amortization	<u>14,398</u>	<u>73,459</u>	<u>58,926</u>	<u>31,662</u>	<u>2,486</u>	<u>8,031</u>	<u>28,503</u>
Total expenses	<u>\$ 2,338,888</u>	<u>\$ 818,457</u>	<u>\$ 1,247,056</u>	<u>\$ 485,342</u>	<u>\$ 183,144</u>	<u>\$ 400,626</u>	<u>\$ 124,019</u>

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

**Catholic Charities**  
**Consolidated Statement of Functional Expenses – continued**  
**For the Year Ended June 30, 2024**

	Program Services		Supporting Services			Total Expenses
	Affordable Housing	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries, payroll taxes, and benefits	\$ 129,564	2,930,827	\$ 710,656	\$ 228,671	\$ 939,327	\$ 3,870,154
Special assistance	-	1,501,739	-	-	-	1,501,739
Repairs and maintenance	6,261	211,382	43,253	7,777	51,030	262,412
In-kind	-	190,579	-	-	-	190,579
Utilities and telephone	2,170	106,791	18,272	5,883	24,155	130,946
Interest	51,732	110,489	11,279	2,988	14,267	124,756
Dues and subscriptions	441	69,755	10,181	10,815	20,996	90,751
Special events	-	4,507	1,281	47,686	48,967	53,474
Rent	-	38,302	152	-	152	38,454
Contract services	414	98,612	250	-	250	98,862
Insurance	35	55,357	7,502	2,166	9,668	65,025
Food	-	61,475	-	2,730	2,730	64,205
Miscellaneous	64,467	97,769	3,527	1,098	4,625	102,394
Supplies	3	82,811	5,033	28	5,061	87,872
Legal fees	46,376	51,860	258	824	1,082	52,942
Audit and accounting fees	9,940	22,239	1,328	648	1,976	24,215
Bad debt expense	-	76	-	-	-	76
Travel, meetings, and conferences	-	24,798	1,389	37	1,426	26,224
Printing and related equipment lease	338	10,571	2,565	13,972	16,537	27,108
Staff development	-	8,618	6,633	18	6,651	15,269
Postage	50	3,786	6,628	1,860	8,488	12,274
Bank fees	32	6,140	4,935	8,386	13,321	19,461
Advertising and marketing	-	1,468	258	58	316	1,784
Employee/volunteer appreciation	-	1,939	1,623	211	1,834	3,773
Total expenses before depreciation and amortization	311,823	5,691,890	837,003	335,856	1,172,859	6,864,749
Depreciation and amortization	254	217,719	55,471	8,642	64,113	281,832
Total expenses	\$ 312,077	\$ 5,909,609	\$ 892,474	\$ 344,498	\$ 1,236,972	\$ 7,146,581

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

**Catholic Charities**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended June 30,**

	2025	2024 (as restated)
<b>Cash Flows from Operating Activities</b>		
Cash received from contracts and grants	\$ 4,645,149	\$ 4,242,169
Cash received from contributions	8,907,087	1,597,146
Cash received from program fees	182,279	574,975
Cash received from special events	261,202	244,837
Interest and dividends received	224,442	158,941
Other cash received	98,156	289,723
Cash paid to employees and suppliers	(7,213,058)	(6,450,309)
Cash paid for interest	(136,241)	(124,756)
Net cash provided by operating activities	6,969,016	532,726
<b>Cash Flows from Investing Activities</b>		
Approved withdrawals from reserve for replacements	17,965	14,939
Deposits to reserve for replacements	(12,474)	(16,250)
Purchases of certificates of deposits	(5,568,069)	-
Purchases of property and equipment	(941,552)	(55,080)
Net cash used by investing activities	(6,504,130)	(56,391)
<b>Cash Flows from Financing Activities</b>		
Principal payments collected on notes receivable	104,018	101,289
Principal payments on long-term debt	(86,726)	(137,411)
Net cash provided (used) by financing activities	17,292	(36,122)
Net change in cash and cash equivalents	482,178	440,213
Cash and cash equivalents, beginning of year	1,161,631	721,418
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,643,809</b>	<b>\$ 1,161,631</b>
<b>Reconciliation to the Consolidated Statements of Financial Position</b>		
Cash and cash equivalents - unrestricted	\$ 1,473,869	\$ 985,010
Cash and cash equivalents - restricted	169,940	176,621
	<b>\$ 1,643,809</b>	<b>\$ 1,161,631</b>

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

**Catholic Charities**  
**Consolidated Statements of Cash Flows - continued**  
**For the Years Ended June 30,**

	2025	2024 (as restated)
<b>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities</b>		
Change in net assets	<u>\$ 6,463,351</u>	<u>\$ 186,304</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	332,111	281,832
Amortization of prepaid rent	1,500	1,500
Provision for bad debts	28,792	76
Accrued interest on certificates of deposit	(98,385)	-
In-kind donation of land	-	115,000
Changes in assets and liabilities:		
Accounts receivable	(5,476)	4,189
Contracts and grants receivable	238,814	(63,289)
Unconditional promises to give	2,818	(13,328)
Prepaid expenses	(120,720)	(7,346)
Security deposits	(930)	(4,277)
Accounts payable	55,591	56,530
Payroll and related liabilities	68,439	10,043
Accrued paid time off	58,386	38,483
Deferred revenue	(56,168)	(72,638)
Security deposits	<u>893</u>	<u>(353)</u>
Total adjustments	<u>505,665</u>	<u>346,422</u>
Net cash provided by operating activities	<u>\$ 6,969,016</u>	<u>\$ 532,726</u>
<b>Supplemental Disclosure of Noncash Activities</b>		
In-kind contributions of materials, supplies, and services	<u>\$ 158,280</u>	<u>\$ 190,579</u>
Accrued interest on certificates of deposit	<u>\$ 98,385</u>	<u>\$ -</u>
Donation of land to Felician Villa LLC	<u>\$ -</u>	<u>\$ (1,215,000)</u>

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

**Catholic Charities**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2025 and 2024**

**1) Organization and Nature of Activities**

Catholic Charities was incorporated in 1946 and is a faith-based non-profit tax-exempt organization. Catholic Charities is a member of Catholic Charities, USA, the largest nonprofit human services network in the United States. Catholic Charities provides help and creates hope by promoting self-sufficiency, strengthening families, fighting poverty, and building community.

During fiscal year 2002, Catholic Charities assumed control of Hibernian House of New Mexico, Inc. (Hibernian House). The project is operated under Section 202 of the National Housing Act and regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods.

During fiscal year 2016, Catholic Charities formed CC Housing, Inc. (CC Housing) to provide affordable housing, housing counseling, economic development, and opportunities for youth, families and the elderly.

The consolidated financial statements include the accounts of Catholic Charities, Hibernian House and CC Housing, collectively referred to as “Catholic Charities.” Intercompany accounts and transactions are eliminated in consolidation.

Catholic Charities operates social service programs through the following centers:

Center for Self-Sufficiency and Housing Assistance

- ◆ *Homeless Prevention and Rapid Re-Housing:* These programs help people experiencing homelessness quickly secure stable rental housing by offering housing navigation, short-term financial assistance, and case management to address barriers and support long-term housing stability.
- ◆ *Homeless Permanent Supportive Housing Programs:* These programs provide long-term, affordable housing paired with ongoing supportive services for people experiencing homelessness who have a disabling condition and need sustained support to remain housed.
- ◆ *Case Management Program:* This program helps individuals and families navigate services and overcome barriers to stability through individualized assessment, planning, and ongoing support. Case Managers coordinate care, connect participants to resources, track progress toward goals, and provide coaching and advocacy to help participants achieve and maintain long-term stability.
- ◆ *One-time Assistance and Homeless Prevention Programs:* Provides limited, short-term financial help to stabilize households facing a temporary crisis. Assistance is typically used for expenses that promote housing stability, such as rent, utilities, and move-in costs. It’s paired with light-touch support to connect households to resources and reduce the risk of homelessness or ongoing financial instability.

**Catholic Charities**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2025 and 2024**

1) Organization and Nature of Activities – continued

Center for Educational Opportunity and Career Pathways

- ◆ *Adult Basic Education:* Our adult education classes include English as a second language (ESL), ESL/civics classes, high school equivalency classes taught in English and Spanish, basic computer classes, workplace preparation and career pathways such as heavy equipment operation and ESL for childcare workers.

Children’s Learning Center

- ◆ *Children’s Learning Center:* The Children’s Learning Center is a five-star licensed, universal childcare, year-round, accredited bilingual preschool program providing pre-kindergarten and early childhood education for children ages 6 weeks to 12 years. Pre-kindergarten and childcare programs are provided by trained and certified staff. Family engagement activities are a core component of the program.

Center for Immigration Support and Services

- ◆ *Immigration Support:* These programs are dedicated to providing comprehensive legal immigration assistance, supporting individuals through family-based petitions, legal permanent residency renewals, DACA renewals, and the path to citizenship. We offer affordable legal assistance through low bono services, ensuring accessibility for those seeking immigration benefits. In addition to legal support, we provide personalized case management and referrals to trusted community resources. Our goal is to empower our community with the tools and knowledge needed to navigate the immigration process with confidence.

Center for Refugee Support and Services

- ◆ *Refugee Support:* The Refugee Support and Services Center is committed to supporting refugee individuals and families as they work toward building a better life. Our mission is to empower refugees through education, skills development, and resources that help them integrate into their new communities, thrive, and achieve self-sufficiency. We provide a supportive community and focus on leadership building, helping refugee families advocate for themselves, take charge of their lives, and create a brighter future for themselves and their children. Services are provided directly by the Center Staff and volunteers. Currently, we serve families from four language groups: Dari and Pashto from Afghanistan, Arabic from the Middle East, Swahili from East and South Africa. Our programs support a total of approximately 300 individuals of all ages. Activities include weekly Breaking Bread (ESL Conversation Classes), a six-week Summer Camp for children and adults, financial and computer literacy classes, 1:1 tutoring for children and many other opportunities.

**Catholic Charities**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2025 and 2024**

1) Organization and Nature of Activities – continued

Center for Community Involvement

- ◆ *Lifting Mothers Out of Poverty*: Established in March 2025, this program partners with mothers through family-centered coaching and comprehensive case management to strengthen household stability and economic independence. Support includes eviction prevention, targeted financial assistance, food boxes, resource navigation, and monthly moms’ groups that foster community and resilience.

Hibernian House

- ◆ *Hibernian House*: A 20-unit supportive housing development for low-income seniors in Albuquerque.

Affordable Housing

- ◆ *Generations at West Mesa*: Generations at West Mesa is an affordable housing development for seniors (55+) with focus on grandparents raising grandchildren. Located in Albuquerque, it consists of a 54-unit mixed-income complex (45 are affordable, restricted to low income households and 9 unrestricted market rate units).
- ◆ *Sunray Lobo Canyon*: Sunray Lobo Canyon is an affordable housing rehabilitation of two adjacent properties with 128-units that serves households with children in Grants, New Mexico. This rehabilitation project was completed in March 2021.
- ◆ *Encantada Apartments*: Encantada is an affordable housing development in Los Lunas, New Mexico consisting of a 48-unit rental development. This affordable housing project was completed in 2023.
- ◆ *Felician Villa*: This project consisted of construction of 66 new units serving seniors (55+) in Rio Rancho, New Mexico. This project was completed in 2025 and is 100% occupied.
- ◆ *Three Sisters*: This project consisted of construction of 70 new units serving low-income families in Las Cruces, New Mexico. This project was completed in 2025 and is 100% occupied.
- ◆ *Mariposa*: This project consists of renovation of 52 units and new construction of 6 units in Taos, New Mexico. This project is in progress and the development team is targeting the first quarter of 2026 as the project’s completion time.
- ◆ *Belen Vista Apartments*: This project consists of renovation of 57 units in Belen, New Mexico. This project is in progress and the development team is targeting the first quarter of 2026 as the project’s completion time.

**Catholic Charities**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2025 and 2024**

**2) Summary of Significant Accounting Policies**

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables and liabilities.

Basis of Presentation

The accompanying consolidated financial statements are presented in accordance with the accounting and reporting standards required by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) ASC 958, *Not for Profit Entities*. FASB ASC 958 requires Catholic Charities to report information regarding its financial position and activities according to the following classes of net assets:

- ◆ *Net assets without donor restrictions* represent the portion of Catholic Charities' net assets that are not restricted by donor-imposed stipulations and are available for operations at management's discretion. All contributions made to Catholic Charities are considered to be received without donor restrictions unless specifically restricted by the donor.
- ◆ *Net assets with donor restrictions* represents resources restricted by donors as to purpose or by the passage of time and resources whose use by Catholic Charities is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of Catholic Charities. See Note 17 for more information on Catholic Charities' net assets with donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the 2024 financial information to conform to the 2025 financial statement presentation. Such reclassifications had no effect on 2024 total net assets or changes in net assets.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, Catholic Charities considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Catholic Charities maintains its cash depository accounts with various financial institutions. Balances in the accounts may, at times, exceed Federal or other insurance limits. Catholic Charities has not experienced, and believes it is not exposed to, significant credit risk from these deposits.

**Catholic Charities**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2025 and 2024**

2) Summary of Significant Accounting Policies – continued

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses, as well as investment expenses, are reflected within investment income in the consolidated statements of activities. Investment income and gains (losses) restricted by donors are reported as increases (decreases) in net assets without donor restrictions unless donor-imposed restrictions have not been met in the reporting period in which the income and gains are recognized.

Accounts Receivable

Accounts receivable are recorded at net realizable value and are evaluated for collectability by using historical experience applied to an aging of the accounts. Generally, collateral is not required on receivables. Contractual terms determine when receivables become delinquent. Catholic Charities utilizes the allowance method to provide a valuation for estimated uncollectible accounts receivable.

Property and Equipment

All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets in excess of \$5,000 are capitalized. Property and equipment are carried at cost or, if donated, at the estimated fair value at the date of donation. Depreciation is computed using the straight-line method over useful lives ranging from three to thirty-nine years.

Leases

Management determines if an arrangement is a lease at inception of the arrangement. Right-of-use lease assets represent Catholic Charities' right to use an underlying asset for the lease term, and lease liabilities represent Catholic Charities' obligation to make lease payments arising from the lease. Right-of-use lease assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The right-of-use lease assets include any lease payments made and exclude lease incentives. Catholic Charities' lease terms may include options to extend or terminate the lease at management's discretion. Such options are included in the calculation of the right-of-use lease asset and lease liability and are included in the future maturities of lease liabilities in Note 13, if management determines they are reasonably certain to exercise the options. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

For leases that do not have an interest rate, Catholic Charities elected a practical expedient allowed under FASB ASC Topic 842, *Leases*, to use a risk-free rate based on asset composition. Catholic Charities has also elected to account for all leases with original terms of 12 months or less as short-term leases, which are expensed over the term of the lease and do not require recognition of lease assets or lease liabilities.

**Catholic Charities**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2025 and 2024**

2) Summary of Significant Accounting Policies – continued

Impairment of Long-Lived Assets

Catholic Charities reviews its long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Revenue Recognition

Revenues from program fees are recognized when Catholic Charities' performance obligation is met. The performance obligation consists of providing services for the senior support, homeless, and immigration programs and these services are recorded at standard rates, less a sliding fee scale adjustment based on the clients' ability to pay.

Contribution revenue is recognized when cash, securities, other assets, or an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions upon which they depend have been met. Contributions received are recorded as net assets with or without donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (i.e., when the time or purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as “net assets released from restrictions.”

Catholic Charities reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire assets are reported as support with donor restrictions.

Revenue from contracts and grants is recognized when funds are spent in accordance with contractual provisions. Contracts and grants receivable represent amounts due for expenditures incurred prior to year-end, but not yet reimbursed.

Donated Services and Materials

Significant contributions of services are recorded if the services create or enhance non-financial assets or require specialized skills. Recognized contributed services are recorded at the fair value of the services on the date of donation. Significant donations of materials are recorded at their fair value on the date of donation.

**Catholic Charities**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2025 and 2024**

2) Summary of Significant Accounting Policies – continued

For the years ended June 30, 2025 and 2024, Catholic Charities reported in-kind donated furniture, supplies, and materials of \$158,280 and \$190,579, respectively, that met the revenue recognition criteria above. Contributed furniture, supplies and materials are valued on the basis of estimates of wholesale values that would be received for selling similar products.

Promises to Give

Promises to give are valued and initially recorded based on the estimated future cash flows based on historical experience. Promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts is computed using risk-free interest rates for the assessed credit risk of the donation, applicable to the years in which the promises are received. Any subsequent adjustments to the valuation of promises to give are made through a provision for doubtful accounts.

Accrued Paid Time Off

Qualified employees are entitled to accumulate paid time off (PTO) according to a graduated leave schedule depending on length of service and the employee's hire date. The maximum amount of PTO hours that employees may carry over to subsequent years is equal to the amount of PTO hours that the employee will earn during the employment year. Upon termination, up to 50% of each employee's annual accrued balance or 50% of their accrued PTO hours at the time of termination, whichever is less, will be paid.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include depreciation and amortization, which are allocated on the basis of the actual usage of equipment and the square footage of buildings. All other expenses are allocated directly to functions at the time expenses are incurred through the use of cost centers.

Income Taxes

Catholic Charities, CC Housing, and Hibernian House are non-profit corporations that are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, their normal activities do not result in any income tax liability. Catholic Charities, CC Housing, and Hibernian House are each classified as other than a private foundation and file separate entity tax returns.

Catholic Charities applies the provisions of FASB ASC 740, *Income Taxes*. FASB ASC 740 provides detailed guidance for the financial statement recognition, measurement, and disclosure of uncertain tax positions in an entity's financial statements. Uncertain income tax positions must meet a more-likely-than-not recognition threshold to be recognized.

**Catholic Charities**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2025 and 2024**

2) Summary of Significant Accounting Policies – continued

Catholic Charities’ policy is to classify income tax penalties and interest according to their natural classification rather than as income tax expense.

As of June 30, 2025 and 2024, management does not believe Catholic Charities has any uncertain tax positions that would require financial statement recognition, measurement, or disclosure under FASB ASC 740. Due to statutes of limitation, Catholic Charities, Hibernian House, and CC Housing’s tax returns are no longer subject to examinations by tax authorities for fiscal years before 2022.

Subsequent Events

Generally accepted accounting principles state that the financial statements should include the effects of all subsequent events that provide additional information about conditions in existence as of the balance sheet date. Catholic Charities has evaluated subsequent events for possible adjustment or disclosure through February 12, 2026, the date the consolidated financial statements were available to be issued.

3) **Liquidity and Availability**

The following table reflects Catholic Charities’ financial assets as of June 30, 2025 and 2024, reduced by amounts that are not available to meet general expenditures within one year of the consolidated statements of financial position date because of contractual or donor-imposed restrictions. Amounts not available to meet general expenditures within one year include notes receivable expected to be collected more than one year after the consolidated statements of financial position date.

	<u>2025</u>	2024 (as restated)
Financial assets, at year-end		
Cash and cash equivalents	\$ 1,473,869	\$ 985,010
Certificates of deposit	5,666,454	-
Accounts receivable	142,692	137,216
Contracts and grants receivable	372,057	610,871
Unconditional promises to give, net	-	31,610
Notes receivable	<u>6,996,796</u>	<u>7,100,814</u>
Total financial assets, at year-end	<b>14,651,868</b>	8,865,521
Less amounts unavailable for general expenditures within one year, due to receivables expected to be collected after one year	<u>(6,888,851)</u>	<u>(6,997,610)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,763,017</u>	<u>\$ 1,867,911</u>

**Catholic Charities**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2025 and 2024**

3) Liquidity and Availability – continued

Catholic Charities manages its cash flow and liquidity on an on-going basis to ensure that sufficient funds are available to meet operational needs as well as impact grant obligations. To help manage unanticipated liquidity needs, Catholic Charities has access to a \$750,000 line of credit with a local bank. More information on the line of credit is available in Note 16.

4) **Certificates of Deposit and Fair Value Measurements**

Catholic Charities follows accounting standards for fair value measurements, which defines fair value and establishes a framework for measuring fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date. Fair value measurements also establish a hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

- ◆ *Level 1 Inputs* – unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.
- ◆ *Level 2 Inputs* – include:
  - Quoted prices for similar assets or liabilities in active markets.
  - Quoted prices for identical or similar assets or liabilities in inactive markets.
  - Inputs other than quoted prices that are observable for the asset or liability.
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- ◆ *Level 3 Inputs* – unobservable inputs which reflect the organization’s own assumptions about the assumptions market participants would use in pricing the asset or liability.

Catholic Charities’ certificates of deposit are valued at original cost plus accrued interest, which approximates fair value. Therefore, Catholic Charities’ certificates of deposit are valued using level 2 inputs as described above.

**Catholic Charities**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2025 and 2024**

**5) Replacement Reserves**

Under the Regulatory Agreement with the U.S. Department of Housing and Urban Development (HUD), the Hibernian House is required to set aside amounts for the replacement of property and other project expenditures approved by HUD. HUD restricted reserves of \$52,849 and \$58,340 at June 30, 2025 and 2024, respectively, are held in separate accounts and generally are not available for operating purposes. Use of the replacement reserve account is contingent upon HUD's prior written approval. For the years ended June 30, 2025 and 2024, there were HUD-approved withdrawals totaling \$17,965 and \$14,939, respectively.

**6) Agency Trust Deposits**

Catholic Charities utilizes the 501(c) Agencies Trust Unemployment program to help pay state unemployment claims. Under the program, Catholic Charities established a trust that is based on Catholic Charities' unemployment claims experience and gross annual payroll. The Agencies Trust Unemployment program then reimburses the state from the trust for the claim benefits paid to former employees. The amount on deposit to pay for future unemployment claims as of June 30, 2025 and 2024 is \$37,304.

**7) Restricted Cash and Cash Equivalents**

At June 30, 2025 and 2024, Catholic Charities reported restricted cash totaling \$169,940 and \$176,621, respectively. This cash represents unspent forwardly funded grants and contributions and funds expected to be passed through to other entities in subsequent periods.

**8) Notes Receivable**

Notes receivable consist of the following as of June 30:

	<b>2025</b>	2024 (as restated)
Generations at West Mesa	\$ 2,805,000	\$ 2,805,000
Sunray Lobo Canyon	400,000	400,000
Felician Villa	1,100,000	1,100,000
Real Estate Contract (REC)	<u>2,691,796</u>	<u>2,795,814</u>
Total notes receivable	<b>6,996,796</b>	7,100,814
Current portion	<u>(107,945)</u>	(103,204)
Total notes receivable, net of current portion	<u><b>\$ 6,888,851</b></u>	<u>\$ 6,997,610</u>

**Catholic Charities**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2025 and 2024**

8) Notes Receivable – continued

Generations at West Mesa

During fiscal year 2016, the City of Albuquerque (the “City”) and Catholic Charities entered into a development agreement for the Generations at West Mesa affordable housing development. During fiscal year 2020, the City and Catholic Charities entered into a supplemental agreement whereby the City entered into a mortgage and security agreement with Catholic Charities at a total amount of \$2,405,000, representing Workforce Housing Trust Funds (WHTF) of \$2 million and land valued at \$405,000. An additional \$400,000 in WHTF were provided by the City in fiscal year 2020 in accordance with the third supplemental agreement.

During fiscal year 2020, the WHTF and the land totaling \$2,405,000 were passed through to the contracted developer for the Generations at West Mesa project. The additional \$400,000 in WHTF received by Catholic Charities were passed through to the contracted developer during fiscal year 2021. The developer recorded a subordinate loan to Catholic Charities representing the value of these funds received by the developer, which is reported as a note receivable by Catholic Charities. This note will become due and payable upon either (1) dissolution or liquidation of the developer, or (2) default in any warranty, obligation, or other term, condition of the development agreement. See additional information regarding the mortgage loan with the City at Note 14.

Sunray Lobo Canyon

During fiscal year 2020, CC Housing entered into an agreement with a developer for the Sunray Lobo Canyon affordable housing development. As part of this project, New Mexico Mortgage Finance Authority (NM MFA) approved an award of National Housing Trust Fund (NHTF) monies, which is received from HUD through its NHTF program, of \$400,000 to CC Housing to be used for the rehabilitation of two adjacent USDA rural development projects. These funds were passed through to the contracted developer of this rehabilitation project after issuance of a promissory note. The loan principal balance and all accrued and unpaid interest shall be forgiven at the maturity date, which is defined as the date of the final NHTF program completion report, provided that no event of default by the developer has occurred. See additional information regarding the NHTF loan with NM MFA at Note 14.

Felician Villa

In fiscal year 2024, CC Housing entered into a loan agreement with the developer of the Felician Villa affordable housing project totaling \$1.1 million, which included the donation of land owned by CC Housing in Rio Rancho, New Mexico. Beginning in the third year following the expiration of the developer’s tax credit compliance period, payments under the loan shall be made from net cash flow. The loan principal balance and all accrued and unpaid interest shall be due and payable on the earliest of (a) 35 years after the developer’s receipt of a Certificate of Occupancy, or (b) an event of default. Interest accrues annually on the loan at 8.35%.

**Catholic Charities**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2025 and 2024**

8) Notes Receivable – continued

Real Estate Contract

In August 2019, the Felician Sisters of North America, Inc. (the “Felician Sisters”) donated land and buildings located in Rio Rancho, New Mexico, to CC Housing subject to a restricted use agreement. Under the restricted use agreement, if any portion of the property were sold by CC Housing, a portion of the net proceeds from the sale would be owed to the Felician Sisters. In June 2022, CC Housing entered into a real estate contract (REC) with an external party to purchase the building from this donated property for a total of \$3,750,000. Of this amount, \$750,000 was due at signing of the REC and the remaining \$3 million is due in monthly installments of \$18,979, including interest at 4.5%, through August 2042. CC Housing retained the donated land.

Future payments to be received under the REC as of June 30, 2025, are as follows:

	Principal	Interest	Total
2026	\$ 107,945	\$ 119,809	\$ 227,754
2027	112,904	114,850	227,754
2028	118,091	109,663	227,754
2029	123,516	104,238	227,754
2030	129,190	98,564	227,754
2031-2035	740,620	398,149	1,138,769
2036-2040	927,105	211,663	1,138,768
2041-2043	432,425	22,371	454,796
	\$ 2,691,796	\$ 1,179,307	\$ 3,871,103

Under the amended restricted use agreement with the Felician Sisters, CC Housing agreed to distribute 40% of the net proceeds from the sale to the Felician Sisters and use an additional 10% to support the future affordable housing project planned for the property (see Note 17 for restricted net assets). The remaining 50% could be used at CC Housing’s discretion, which was distributed to Catholic Charities. Any amounts due to/from CC Housing and Catholic Charities has been eliminated in the consolidated financial statements. See Note 14 for more information on the amounts payable to the Felician Sisters for their distribution of the net proceeds from the sale of this building.

9) **Prepaid Rent**

In June 2014, Catholic Charities entered into a lease for space in Santa Fe with the Archdiocese of Santa Fe. The lease is for a fifty-year period expiring in June 2064. Catholic Charities prepaid the full amount of the rent of \$75,000 and is amortizing the prepaid rent over the life of the lease. At June 30, 2025 and 2024, the remaining prepaid rent under this lease totals \$58,375 and \$59,875, respectively, which is reported as a portion of prepaid expenses in the consolidated statements of financial position.

**Catholic Charities**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2025 and 2024**

**10) Right-of-Use Operating Lease Assets, Net**

Right-of-use operating lease assets, net, consist of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Building space - Albuquerque	\$ 129,370	\$ -
Less: Accumulated amortization	<u>(42,784)</u>	<u>-</u>
Right-of-use operating lease assets, net	<u>\$ 86,586</u>	<u>\$ -</u>

**11) Property and Equipment, Net**

Property and equipment, net, consist of the following as of June 30:

	<u>2025</u>	<u>2024</u> (as restated)
Depreciable		
Buildings	\$ 7,922,593	\$ 7,077,429
Furniture, fixtures, and equipment	697,369	697,843
Leasehold improvements	388,383	383,129
Vehicles	198,252	198,252
Less: Accumulated depreciation and amortization	<u>(2,862,312)</u>	<u>(2,572,145)</u>
Total depreciable property and equipment, net	6,344,285	5,784,508
Land	640,825	640,825
Artwork	103,327	103,327
Construction in progress	<u>13,018</u>	<u>-</u>
Property and equipment, net	<u>\$ 7,101,455</u>	<u>\$ 6,528,660</u>

**12) Deferred Revenue**

Deferred revenue consists of grants received by Catholic Charities prior to the incurrence of qualifying expenses on the grants. At June 30, 2025 and 2024, deferred revenue amounted to \$309 and \$56,477, respectively. Generally, these balances are caused by differences in the timing of cash received from grants and expenses incurred under grants and will be reversed in the remaining grant period.

**Catholic Charities**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2025 and 2024**

**13) Operating Lease Liability**

Catholic Charities has recognized its right-of-use lease assets and related lease liabilities based on the present value of the minimum lease payments for its leases. To establish the initial lease liabilities, the leases were reported with a total future commitment, discounted for present value. Catholic Charities has elected to use a risk-free rate (the applicable U.S. Treasury bill rate based on the term of the lease) as its discount rate.

Catholic Charities entered into a lease for office space in Albuquerque, New Mexico, on July 1, 2024. Monthly lease payments are due through May 2027. Monthly payments on the lease are \$4,000. Catholic Charities measures the operating lease liability at June 30, 2025 of \$88,042 by calculating the present value of the future lease payments using a discount rate of 9%. The total minimum rental commitments as of June 30, 2025, under Catholic Charities' operating lease are as follows:

	Principal	Interest	Total
2026	\$ 43,396	\$ 6,168	\$ 49,564
2027	44,646	2,034	46,680
	\$ 88,042	\$ 8,202	\$ 96,244

**14) Long-Term Debt**

Long-term debt consists of the following as of June 30:

	2025	2024
Industrial revenue bonds	\$ 1,865,315	\$ 1,952,464
Note payable to the City of Albuquerque	2,805,000	2,805,000
Note payable to New Mexico Mortgage Finance Authority	400,000	400,000
Note payable to the Felician Sisters	1,076,718	1,118,325
Less: Unamortized debt issuance costs	(43,988)	(47,916)
Total long-term debt, net of debt issuance costs	6,103,045	6,227,873
Current portion	(85,408)	(123,992)
Total long-term debt, net of current portion and debt issuance costs	\$ 6,017,637	\$ 6,103,881

**Catholic Charities**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2025 and 2024**

14) Long-Term Debt – continued

Industrial Revenue Bonds

On January 26, 2016, Bernalillo County, New Mexico, issued its Industrial Revenue Bonds, Series 2016 totaling \$3,000,000. A bank purchased the bond and issued a loan in the amount of \$2,500,000 for a capital project for which Catholic Charities is the obligor. The loan was issued under a capital lease agreement structure, payable to the bank as trustee. Principal and interest is due in monthly installments at an initial interest rate of 3.47%, maturing March 2041, net of unamortized issuance costs of \$43,988 and \$47,916 at June 30, 2025 and 2024, respectively. Unamortized issuance costs are amortized to interest expense over the life of the loan. The effective interest rate does not differ significantly from the stated interest rate. The note is secured by the Casa de Corazon building. The bond indenture places limits on the incurrence of additional borrowings and also requires that Catholic Charities satisfy certain measures of financial performance. As of June 30, 2025 and 2024, Catholic Charities was in compliance with all required covenants.

Note Payable to the City of Albuquerque

During fiscal years 2019 and 2020, the City and Catholic Charities entered into supplemental agreements to their development agreement related to the Generations at West Mesa affordable housing development. Under these supplemental agreements, the City entered into a mortgage and security agreement with Catholic Charities at a total amount of \$2,805,000, representing Workforce Housing Trust Funds of \$2.4 million and land valued at \$405,000. The mortgage note becomes due and payable upon either (1) dissolution or liquidation of Catholic Charities, or (2) default in any warranty, obligation, or other term, condition of the development agreement. Therefore, there are no established payment terms on this mortgage note.

Note Payable to the New Mexico Mortgage Finance Authority

During fiscal year 2021, CC Housing issued a loan with NM MFA under the National Housing Trust Fund program, a program administered by HUD, totaling \$400,000 for the purpose of rehabilitating two adjacent USDA rural development projects. These funds were subsequently passed through to the developer of this rehabilitation project. Should the project remain in compliance with the NHTF loan agreement for a period of 35 years after completion of the final NHTF program compliance report, the loan will be forgiven. Therefore, there are no established payment terms on this note.

Note Payable to the Felician Sisters

During fiscal year 2022, CC Housing sold a building that was subject to a restricted use agreement with the Felician Sisters, as more fully described in Note 8. Under the amended restricted use agreement, 40% of the net proceeds of the sale were to be distributed to the Felician Sisters. The net proceeds from the sale will be paid to the Felician Sisters over the term of the related REC, which is being paid over 20 years at an interest rate of 4.5%. The total principal amount payable to the Felician Sisters at June 30, 2025 and 2024 totaled \$1,076,718 and \$1,118,325, respectively.

**Catholic Charities**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2025 and 2024**

14) Long-Term Debt – continued

Future principal payments on long-term debt, not including the notes payable to the City and NM MFA, as of June 30, 2025, are as follows:

	Principal	Interest	Total
2026	\$ 128,804	\$ 112,003	\$ 240,807
2027	133,806	107,000	240,806
2028	139,006	101,800	240,806
2029	144,412	96,394	240,806
2030	150,031	90,775	240,806
2031-2035	842,550	361,481	1,204,031
2036-2040	1,020,485	183,547	1,204,032
2041-2043	382,939	15,665	398,604
	\$ 2,942,033	\$ 1,068,665	\$ 4,010,698

15) **Capital Advance**

Hibernian House received a capital advance totaling \$1,183,300 from the U.S. Department of Housing and Urban Development in fiscal year 2003 for the construction of a building for housing to low-income elderly persons. The advance bears no interest and need not be repaid so long as Hibernian House continues to make the housing available for the elderly for at least 40 years from the date of the capital advance (fiscal year 2043). The advance is classified in the consolidated statements of financial position as a noncurrent liability. The advance program requires Hibernian House to escrow an amount equal to 0.5% of the capital advance, which is reported in the consolidated statements of financial position as a noncurrent asset.

16) **Line of Credit**

Catholic Charities has a \$750,000 line of credit agreement with a local financial institution that expires on June 5, 2026. The line carries interest at the greater of the bank's index rate plus 0.5% (8% at June 30, 2025) and the floor rate of 5%, and is secured by deposit accounts, inventory, accounts receivable, and equipment. At June 30, 2025 and 2024, Catholic Charities had \$0 in outstanding borrowings on the line.

**Catholic Charities**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2025 and 2024**

**17) Net Assets With Donor Restrictions**

Net assets with donor restrictions consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
<b>Restricted for time:</b>		
Pledges receivable	\$ -	\$ 31,610
<b>Restricted for purpose:</b>		
Asylee seeker assistance	104,321	104,321
COVID-19 pandemic relief	25,881	25,881
Affordable housing	41,991	41,991
Housing assistance	608,358	-
Donation center	327,350	-
Family homelessness	4,705,003	-
Lifting Moms Out of Poverty pilot project	51,169	-
Total net assets with donor restrictions	<u>\$ 5,864,073</u>	<u>\$ 203,803</u>

Net assets with donor restrictions are released from donor restrictions as expenses are incurred to satisfy the restricted purpose, or due to the passage of time, as follows:

	<u>2025</u>	<u>2024</u>
<b>Time restriction accomplished:</b>		
Pledges receivable	\$ 31,610	\$ 3,498
<b>Purpose restriction accomplished:</b>		
Wildfire relief	-	9,401
Total net assets released from restrictions	<u>\$ 31,610</u>	<u>\$ 12,899</u>

**18) Commitments and Contingencies**

The grants and contracts administered by Catholic Charities are subject to a closing audit process by federal granting agencies subsequent to the end of a grant period. At this time, no reasonable estimate can be made as to adjustments, if any, in amounts due to or from grantors that may result from the closing process. Actual costs reported in the accompanying consolidated statements of activities, and for prior years since inception of ongoing grants, exceeded billed costs, and management believes no material reimbursements to granting agencies are due.

Catholic Charities receives a significant amount of its funding from federal grants from various agencies. Should Catholic Charities lose program funding, management believes that Catholic Charities would be able to receive similar program funding from other sources.

**Catholic Charities**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2025 and 2024**

**19) Pension Plan**

Catholic Charities administers a participant directed non-contributory, defined contribution pension plan (401k plan) for its qualified employees. Catholic Charities contributed 5% of covered compensation to the 401k plan through December 31, 2022. Effective January 1, 2023, matching contributions equal 3% of the employee's compensation. Effective January 1, 2024, matching contributions still equal 3% of the employee's compensation, but increase 0.5% up to a total of 5% if the employee contributes more than 3%. Employees qualify upon attaining the age of 21. Benefits vest 100% after three plan years of employment. Pension plan expense totaled \$88,730 and \$34,554 for the years ended June 30, 2025 and 2024, respectively.

**20) Related Party Transactions**

The Board of Directors of Catholic Charities manages its overall affairs through the direction of the Archbishop of the Archdiocese of Santa Fe. The Archdiocese of Santa Fe provides annual funding (stipends), which are received monthly. The funding year runs from July 1 through June 30 of each year. The allocation for the years ended June 30, 2025 and 2024, was \$185,000 and \$160,417, respectively. Additionally, the Archdiocese of Santa Fe contributed additional monies to Catholic Charities as part of its second collections efforts, which totaled \$15,919 and \$84,901 during fiscal years 2025 and 2024, respectively.

During 2014, Catholic Charities entered into a \$75,000 lease with the Archdiocese of Santa Fe for use of space in Santa Fe, New Mexico. See Note 9 for additional information on this lease.

The Board of Directors and certain employees contribute various amounts in general support of Catholic Charities. Outstanding promises to give from Board members at June 30, 2025 and 2024, are \$0 and \$12,350, respectively.

**21) Management Fee**

Hibernian House pays Monarch Properties, Inc. a management fee equal to 9.77% of residential income collected by Monarch Properties, Inc. Management fees amounted to \$11,723 and \$10,420 for the years ended June 30, 2025 and 2024, respectively, and are reported as a portion of contract services in the consolidated statements of functional expenses.

**Catholic Charities**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2025 and 2024**

**22) Community Foundation Endowment Funds**

Catholic Charities is the beneficiary of endowment funds held by the Albuquerque Community Foundation (ACF), known individually as the Wilhelmina Neat Coe/Peace Foundation Fund, Ann C. Lucero and David J. Lucero Endowment Fund, and the Catholic Charities Human Services Fund. ACF makes annual distributions of the investment income earned from these endowment funds to Catholic Charities which are restricted for home care programs for the disabled and elderly. The balance of these endowment funds held by ACF for the benefit of Catholic Charities totaled \$829,912 and \$772,833 as of June 30, 2025 and 2024, respectively.

Catholic Charities is also the beneficiary of an endowment fund known as the Olympia Garcia de Duran/Catholic Social Services Fund held by the Santa Fe Community Foundation (SFCF). The balance of the endowment fund held by SFCF for the benefit of Catholic Charities programs in Santa Fe totaled \$229,211 and \$223,299 as of June 30, 2025 and 2024, respectively.

Catholic Charities is also the beneficiary of endowment funds held by the Catholic Foundation of the Archdiocese of Santa Fe, known individually as the Catholic Charities Fund and the Hibernian House Priest Home Fund. The balance of the endowment funds held by the Catholic Foundation totaled \$115,320 and \$106,029 as of June 30, 2025 and 2024, respectively.

None of the above endowment funds are reflected as assets on the consolidated financial statements of Catholic Charities given the “variance power” granted to each respective foundation. This variance power allows each foundation to modify the donor’s stipulations under certain circumstances.

**23) Restatement of Previously Reported Amounts**

In fiscal year 2024, CC Housing entered into a loan agreement with the developer of the Felician Villa affordable housing project totaling \$1.1 million, which included the donation of land owned by CC Housing in Rio Rancho, New Mexico. However, CC Housing had not previously recorded this loan receivable or the donation of land in its fiscal year 2024 financial statements. CC Housing has restated its beginning net assets of fiscal year 2025 by \$115,000, which represents the difference between the note receivable balance (\$1,100,000) and the net book value of the donated land (\$1,215,000).

## Supplementary Information

**Catholic Charities**  
**Consolidating Statement of Financial Position**  
**June 30, 2025**

	Catholic Charities	Hibernian House	CC Housing, Inc.	Eliminations	Totals
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 1,442,237	\$ 13,968	\$ 17,664	\$ -	\$ 1,473,869
Certificates of deposit	5,666,454	-	-	-	5,666,454
Accounts receivable, net	247,746	7,384	132,993	(245,431)	142,692
Contracts and grants receivable, net	372,057	-	-	-	372,057
Prepaid expenses, current portion	135,292	-	-	-	135,292
Notes receivable, current portion	51,602	-	107,945	(51,602)	107,945
Total current assets	<u>7,915,388</u>	<u>21,352</u>	<u>258,602</u>	<u>(297,033)</u>	<u>7,898,309</u>
Noncurrent assets					
Replacement reserves	-	52,849	-	-	52,849
Agency trust deposits	37,304	-	-	-	37,304
Restricted cash and cash equivalents	12,025	-	157,915	-	169,940
Security deposits	4,931	5,848	-	-	10,779
Prepaid expenses, net of current portion	56,875	-	-	-	56,875
Notes receivable, net of current portion	4,099,296	-	4,083,851	(1,294,296)	6,888,851
Right-of-use operating lease asset, net	86,586	-	-	-	86,586
Property and equipment, net	6,311,003	790,452	-	-	7,101,455
Total noncurrent assets	<u>10,608,020</u>	<u>849,149</u>	<u>4,241,766</u>	<u>(1,294,296)</u>	<u>14,404,639</u>
Total assets	<u>\$ 18,523,408</u>	<u>\$ 870,501</u>	<u>\$ 4,500,368</u>	<u>\$ (1,591,329)</u>	<u>\$ 22,302,948</u>
<b>Liabilities and Net Assets</b>					
Current liabilities					
Accounts payable	\$ 194,132	\$ 3,753	\$ 248,566	\$ (245,431)	\$ 201,020
Payroll and related liabilities	190,982	1,313	-	-	192,295
Accrued paid time off	170,736	-	-	-	170,736
Deferred revenue	-	309	-	-	309
Operating lease liability, current portion	43,396	-	-	-	43,396
Long-term debt, current portion	42,230	-	94,780	(51,602)	85,408
Total current liabilities	<u>641,476</u>	<u>5,375</u>	<u>343,346</u>	<u>(297,033)</u>	<u>693,164</u>
Noncurrent liabilities					
Security deposits	-	5,339	-	-	5,339
Operating lease liability, net of current portion	44,646	-	-	-	44,646
Long-term debt, net of current portion and unamortized debt issuance costs	4,584,097	-	2,727,836	(1,294,296)	6,017,637
Capital advance from HUD	-	1,183,300	-	-	1,183,300
Total noncurrent liabilities	<u>4,628,743</u>	<u>1,188,639</u>	<u>2,727,836</u>	<u>(1,294,296)</u>	<u>7,250,922</u>
Total liabilities	<u>5,270,219</u>	<u>1,194,014</u>	<u>3,071,182</u>	<u>(1,591,329)</u>	<u>7,944,086</u>
Net assets (deficit)					
Without donor restrictions	7,431,107	(323,513)	1,387,195	-	8,494,789
With donor restrictions	5,822,082	-	41,991	-	5,864,073
Total net assets (deficit)	<u>13,253,189</u>	<u>(323,513)</u>	<u>1,429,186</u>	<u>-</u>	<u>14,358,862</u>
Total liabilities and net assets	<u>\$ 18,523,408</u>	<u>\$ 870,501</u>	<u>\$ 4,500,368</u>	<u>\$ (1,591,329)</u>	<u>\$ 22,302,948</u>

**Catholic Charities**  
**Consolidating Statement of Activities – Without Donor Restrictions**  
**For the Year Ended June 30, 2025**

	Catholic Charities	Hibernian House	CC Housing, Inc.	Eliminations	Totals
<b>Support and Revenue</b>					
Contracts and grants					
Federal	\$ 1,968,709	\$ 63,676	\$ -	\$ -	\$ 2,032,385
Non-federal	2,430,118	-	-	-	2,430,118
Total contracts and grants	<u>4,398,827</u>	<u>63,676</u>	<u>-</u>	<u>-</u>	<u>4,462,503</u>
Contributions					
Monetary	2,705,478	-	258,191	-	2,963,669
Archdiocese of Santa Fe	185,000	-	-	-	185,000
In-kind	158,280	-	-	-	158,280
United Way	34,928	-	-	-	34,928
Total contributions	<u>3,083,686</u>	<u>-</u>	<u>258,191</u>	<u>-</u>	<u>3,341,877</u>
Other support and revenue					
Program fees	362,486	-	-	(174,731)	187,755
Special events	261,202	-	-	-	261,202
Rental income	15,750	60,869	-	-	76,619
Other income	21,385	189	-	-	21,574
Investment income	235,361	141	149,156	(61,831)	322,827
Total other support and revenue	<u>896,184</u>	<u>61,199</u>	<u>149,156</u>	<u>(236,562)</u>	<u>869,977</u>
Net assets released from restrictions	31,610	-	-	-	31,610
Total support and revenue without donor restrictions	<u>8,410,307</u>	<u>124,875</u>	<u>407,347</u>	<u>(236,562)</u>	<u>8,705,967</u>
<b>Expenses</b>					
Program services					
Self-sufficiency and housing assistance	2,819,246	-	-	-	2,819,246
Educational opportunity and career pathways	877,319	-	-	-	877,319
Children's learning center	1,302,033	-	-	-	1,302,033
Immigration support and services	400,350	-	-	-	400,350
Refugee support and services	191,495	-	-	-	191,495
Community involvement	399,115	-	-	-	399,115
Hibernian House	-	148,338	-	11,723	160,061
Affordable housing	158,019	-	181,280	(61,831)	277,468
Total program services	<u>6,147,577</u>	<u>148,338</u>	<u>181,280</u>	<u>(50,108)</u>	<u>6,427,087</u>
Supporting services					
Management and general	1,034,640	11,723	174,731	(186,454)	1,034,640
Fundraising	441,159	-	-	-	441,159
Total supporting services	<u>1,475,799</u>	<u>11,723</u>	<u>174,731</u>	<u>(186,454)</u>	<u>1,475,799</u>
Total expenses	<u>7,623,376</u>	<u>160,061</u>	<u>356,011</u>	<u>(236,562)</u>	<u>7,902,886</u>
Change in net assets <b>without donor restrictions</b>	<u>\$ 786,931</u>	<u>\$ (35,186)</u>	<u>\$ 51,336</u>	<u>\$ -</u>	<u>\$ 803,081</u>

**Catholic Charities**  
**Consolidating Statement of Activities – With Donor Restrictions**  
**For the Year Ended June 30, 2025**

	<u>Catholic Charities</u>	<u>Hibernian House</u>	<u>CC Housing, Inc.</u>	<u>Eliminations</u>	<u>Totals</u>
<b>Support and Revenue</b>					
Contributions					
Monetary	<u>\$ 5,691,880</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,691,880</u>
Total contributions	5,691,880	-	-	-	5,691,880
Net assets released from restrictions	<u>(31,610)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,610)</u>
Change in net assets <b>with donor restrictions</b>	<u>\$ 5,660,270</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,660,270</u>

## Single Audit Information

**Catholic Charities**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2025**

Federal Grantor / Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-through Grantor or Other Identifying Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
<i>Passed through the State of New Mexico, Early Childhood Education and Care Department</i>			
Child and Adult Care Food Program (CACFP)	10.558	0462	\$ 44,186
Total U.S. Department of Agriculture			<u>44,186</u>
<b>U.S. Department of Housing and Urban Development</b>			
<i>Direct Awards</i>			
Supportive Housing for the Elderly (Section 202)	14.157	NM0012L6B002316	63,676
Capital Advance	14.157	NM0011L6B002316	1,183,300
			<u>1,246,976</u>
Continuum of Care Program	14.267	--	911,629
<i>Passed through the State of New Mexico, New Mexico Mortgage Finance Authority</i>			
Home Investment Partnerships Program	14.239	23-02-CCH-RAP-001	180,500
COVID-19 - Home Investment Partnerships Program	14.239	22-01-CCH-ARP-001	473,508
			<u>654,008</u>
Continuum of Care Program	14.267	22-02-CCH-COC-001	30,256
Total U.S. Department of Housing and Urban Development			<u>2,842,869</u>
<b>U.S. Department of Education</b>			
<i>Passed through the State of New Mexico, Higher Education Department</i>			
Adult Education - Basic Grants to States (English Language)	84.002	V002A220032	14,041
Adult Education - Basic Grants to States (ABE)	84.002	V002A220032	227,519
Total U.S. Department of Education			<u>241,560</u>
<b>U.S. Department of Health and Human Services</b>			
<i>Passed through the State of New Mexico, Higher Education Department</i>			
Adult Education - IET Pilot	93.558	IET Pilot	35,722
Adult Education - TANF Block Grant	93.558	2301NMTANF	51,348
Total U.S. Department of Health and Human Services			<u>87,070</u>
Total expenditures of federal awards			<u>\$ 3,215,685</u>

**The accompanying notes are an integral part of this schedule.**

**Catholic Charities**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2025**

**1) Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Catholic Charities and its subsidiaries Hibernian House and CC Housing, Inc. (collectively “Catholic Charities”) under programs of the federal government for the year ended June 30, 2025. Because the Schedule presents only a selected portion of the operations of Catholic Charities, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Catholic Charities.

**2) Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**3) Indirect Cost Rate**

Catholic Charities has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**4) Loan Information**

Hibernian House received a capital advance from the U.S. Department of Housing and Urban Development (HUD) for the construction of a building for housing to low-income elderly persons. Hibernian House is not required to repay the principal or pay interest and the capital advance is forgiven at maturity, as long as the owner provides housing for the designated class of people in accordance with applicable HUD requirements. In accordance with the Uniform Guidance, the full outstanding balance on the capital advance is considered to be federal awards expended and is reported on the Schedule under Assistance Listing Number 14.157.

**Catholic Charities**  
**Notes to the Schedule of Expenditures of Federal Awards – continued**  
**For the Year Ended June 30, 2025**

**5) Reconciliation of the Schedule to the Consolidated Financial Statements**

The following is a reconciliation of the expenditures reported in the Schedule to federal revenues reported in the consolidated financial statements:

Total federal revenues reported in the consolidated statements of activities	\$ 2,032,385
Outstanding capital advance reported as federal awards expended in the Schedule	<u>1,183,300</u>
Total expenditures of federal awards	<u><u>\$ 3,215,685</u></u>



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

We have audited, 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, the consolidated financial statements of Catholic Charities (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated 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 12, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated 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 consolidated 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.

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## **Report on Compliance and Other Matters**

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

SJT Group LLC

Albuquerque, New Mexico  
February 12, 2026



## Independent Auditor's Report on Compliance for the Major Program and On Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors  
Catholic Charities

### **Report on Compliance for the Major Federal Program**

#### ***Opinion on the Major Federal Program***

We have audited Catholic Charities' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Catholic Charities' major federal program for the year ended June 30, 2025. Catholic Charities' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Catholic Charities complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

#### ***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Catholic Charities and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of Catholic Charities compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Catholic Charities' federal programs.

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## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Catholic Charities compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Catholic Charities' compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Catholic Charities compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Catholic Charities internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Catholic Charities internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

SJT Group LLC

Albuquerque, New Mexico  
February 12, 2026

**Catholic Charities**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2025**

**Section I — Summary of Auditor’s Results**

***Financial Statements***

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

***Federal Awards***

Type of auditor’s report issued on compliance for the major program:	Unmodified
Internal control over the major program:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

Identification of the major program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
14.157	Supportive Housing for the Elderly (Section 202)

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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**Catholic Charities**  
**Schedule of Findings and Questioned Costs – continued**  
**For the Year Ended June 30, 2025**

**Section II — Financial Statement Findings**

None.

**Section III — Federal Award Findings and Questioned Costs**

None.