

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.
Milwaukee, Wisconsin

Reviewed Financial Statements

Year Ended December 31, 2021 and 2020

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Independent Accountants' Review Report

Board of Directors
National Association of Catholic Chaplains, LTD
Milwaukee, Wisconsin

We have reviewed the accompanying financial statements of National Association of Catholic Chaplains, LTD ("Organization"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with U.S. GAAP. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with U.S. GAAP.

Report on December 31, 2020 Financial Statements

The financial statements of the Organization as of December 31, 2020, were reviewed by other accountants whose report dated February 22, 2021, stated that based on their procedures, they are not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

February 24, 2022
Milwaukee, Wisconsin

National Association of Catholic Chaplain, LTD.
Milwaukee, Wisconsin

Statements of Financial Position
December 31, 2021 and 2020

ASSETS	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash and equivalents	\$ 318,619	\$ 305,117
Investments	2,162,206	1,970,836
Pledges receivable	20,500	20,000
Accounts receivable	3,275	2,086
Prepaid expenses	<u>21,855</u>	<u>13,536</u>
Total current assets	<u>2,526,455</u>	<u>2,311,575</u>
Property and Equipment, net	2,768	3,721
Noncurrent Assets:		
Pledges receivable	<u>20,000</u>	<u>20,000</u>
Total assets	<u>\$ 2,549,223</u>	<u>\$ 2,335,296</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ ---	\$ 30
Accrued payroll and benefits	20,796	34,131
Payroll protection program loan	---	106,648
Deferred revenues	<u>193,896</u>	<u>188,636</u>
Total current liabilities	<u>214,692</u>	<u>329,445</u>
Net Assets:		
Without donor restrictions:		
Undesignated	2,132,232	1,785,696
Board-designated	<u>58,097</u>	<u>61,993.00</u>
Total without donor restrictions	<u>2,190,329</u>	<u>1,847,689</u>
With donor restrictions	<u>144,202</u>	<u>158,162</u>
Total net assets	<u>2,334,531</u>	<u>2,005,851</u>
Total liabilities and net assets	<u>\$ 2,549,223</u>	<u>\$ 2,335,296</u>

See Accompanying Notes and Independent Accountants' Review Report.

National Association of Catholic Chaplains, LTD.
Milwaukee, Wisconsin

Statements of Activities
Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support, and gains						
Membership dues	\$ 475,189	\$ ---	\$ 475,189	\$ 449,733	\$ ---	\$ 449,733
Certification fees	55,430	---	55,430	63,862	---	63,862
Contributions and grants	97,706	87,000	184,706	101,770	144,015	245,785
Educational events	13,385	---	13,385	13,665	---	13,665
Webinars/Audio conferences	50,190	---	50,190	46,805	---	46,805
Forgiveness of PPP Loan	106,648	---	106,648	---	---	---
Investment income, net	191,519	---	191,519	152,426	243	152,669
Miscellaneous income	56,218	---	56,218	18,779	---	18,779
Net assets released from restrictions:						
Restricted funds utilized	100,960	(100,960)	---	1,411	(1,411)	---
Total revenue, support, and gains	1,147,245	(13,960)	1,133,285	848,451	142,847	991,298
Expenses:						
Program Services:						
Advocating/Promoting/Chaplaincy	119,345	---	119,345	107,787	---	107,787
Certification	113,673	---	113,673	104,109	---	104,109
CPMC	100,960	---	100,960	1,411	---	1,411
Education	80,216	---	80,216	104,476	---	104,476
Member Support	77,311	---	77,311	91,868	---	91,868
Member networking/communications	74,331	---	74,331	72,882	---	72,882
Total program services	565,836	---	565,836	482,533	---	482,533
Supporting Services:						
Administration/Governance	211,889	---	211,889	190,921	---	190,921
Fundraising	26,880	---	26,880	26,530	---	26,530
Total supporting services	238,769	---	238,769	217,451	---	217,451
Total expenses	804,605	---	804,605	699,984	---	699,984
Change in net assets	342,640	(13,960)	328,680	148,467	142,847	291,314
Net assets - beginning of year	1,847,689	158,162	2,005,851	1,699,222	15,315	1,714,537
Net assets - end of year	\$ 2,190,329	\$ 144,202	\$ 2,334,531	\$ 1,847,689	\$ 158,162	\$ 2,005,851

See Accompanying Notes and Independent Accountants' Review Report.

National Association of Catholic Chaplains, LTD.
Milwaukee, Wisconsin

Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services					Supporting Services			Total
	Advocating/ Promoting Chaplaincy	Certification	CPMC	Education	Member Support	Member Networking/ Communications	Administration/ Governance	Fundraising	
Salaries and benefits	\$ 85,063	\$ 103,852	\$ ---	\$ 45,727	\$ 63,877	\$ 54,673	\$ 154,727	\$ 22,536	\$ 530,455
Contracted services	---	---	77,844	---	---	15,927	---	---	93,771
Miscellaneous	---	---	---	---	---	---	1,875	---	1,875
Communications and postage	1,149	1,352	---	1,352	3,370	1,353	558	---	9,134
Occupancy	---	4,603	---	7,671	7,671	1,534	9,206	---	30,685
Maintenance and insurance	---	---	166	---	---	---	22,710	---	22,876
Professional fees	---	---	---	---	---	---	6,780	---	6,780
Printing	137	548	---	548	1,334	527	274	548	3,916
Subscriptions, dues, fees, and awards	450	---	---	4,000	---	---	10,332	---	14,782
Office supplies	35	529	---	882	1,059	317	705	---	3,527
Depreciation	---	---	---	---	---	---	953	---	953
Board of directors	---	---	---	---	---	---	2,912	---	2,912
Committees and panels	---	---	---	---	---	---	857	---	857
Special projects	---	---	---	4,884	---	---	---	---	4,884
Marketing, recruitment and development	32,511	---	---	---	---	---	---	---	32,511
Catholic prison ministry coalition	---	---	22,950	---	---	---	---	---	22,950
PHAC Interviews	---	24	---	---	---	---	---	---	24
Certification commission	---	2,631	---	---	---	---	---	---	2,631
Certification ITEs and site coordinators	---	55	---	---	---	---	---	---	55
Certification interviews	---	24	---	---	---	---	---	---	24
Certification appeals panel	---	31	---	---	---	---	---	---	31
Certified associate chaplain interviews	---	24	---	---	---	---	---	---	24
Annual campaign	---	---	---	---	---	---	---	3,796	3,796
National conference	---	---	---	805	---	---	---	---	805
Educational events	---	---	---	5,237	---	---	---	---	5,237
Webinar/Audio conferences	---	---	---	9,110	---	---	---	---	9,110
Total expenses	<u>\$ 119,345</u>	<u>\$ 113,673</u>	<u>\$ 100,960</u>	<u>\$ 80,216</u>	<u>\$ 77,311</u>	<u>\$ 74,331</u>	<u>\$ 211,889</u>	<u>\$ 26,880</u>	<u>\$ 804,605</u>

See Accompanying Notes and Independent Accountants' Review Report.

National Association of Catholic Chaplains, LTD.
Milwaukee, Wisconsin

Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services					Supporting Services			Total
	Advocating/ Promoting Chaplaincy	Certification	CPMC	Education	Member Support	Member Networking/ Communications	Administration/ Governance	Fundraising	
Salaries and benefits	\$ 79,916	\$ 88,811	\$ ---	\$ 61,117	\$ 75,980	\$ 54,358	\$ 133,224	\$ 22,521	\$ 515,927
Contracted services	---	---	---	---	---	14,000	---	---	14,000
Miscellaneous	---	5	1,411	---	---	---	3,604	---	5,020
Communications and postage	966	1,137	---	1,137	3,264	1,627	486	---	8,617
Occupancy	---	8,686	---	10,858	10,858	2,172	10,858	---	43,432
Maintenance and insurance	---	---	---	---	---	---	22,350	---	22,350
Professional fees	---	---	---	---	---	---	8,226	---	8,226
Printing	71	284	---	284	968	438	142	284	2,471
Subscriptions, dues, fees, and awards	1,244	---	---	4,000	---	---	8,794	---	14,038
Office supplies	32	798	---	798	798	287	479	---	3,192
Depreciation	---	---	---	---	---	---	953	---	953
Board of directors	---	---	---	---	---	---	1,060	---	1,060
Committees and panels	---	---	---	---	---	---	744	---	744
Special projects	---	---	---	13,021	---	---	---	---	13,021
Marketing, recruitment and development	25,559	---	---	---	---	---	---	---	25,559
Certification commission	---	2,994	---	---	---	---	---	---	2,994
Certification ITEs and site coordinators	---	20	---	---	---	---	---	---	20
Certification interviews	---	1,374	---	---	---	---	---	---	1,374
Annual campaign	---	---	---	---	---	---	---	3,725	3,725
National conference	---	---	---	4,739	---	---	---	---	4,739
Educational events	---	---	---	3,166	---	---	---	---	3,166
Webinar/Audio conferences	---	---	---	5,356	---	---	---	---	5,356
Total expenses	<u>\$ 107,788</u>	<u>\$ 104,109</u>	<u>\$ 1,411</u>	<u>\$ 104,476</u>	<u>\$ 91,868</u>	<u>\$ 72,882</u>	<u>\$ 190,920</u>	<u>\$ 26,530</u>	<u>\$ 699,984</u>

See Accompanying Notes and Independent Accountants' Review Report.

National Association of Catholic Chaplains, LTD.
Milwaukee, Wisconsin

Statement of Cash Flows
Years Ended December 31, 2021 and 2020

	2021 Total	2020 Total
Cash Flows from Operating Activities:		
Change in net assets	\$ 328,680	\$ 291,314
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	953	953
Realized and unrealized gains on investments	(179,879)	(130,693)
Forgiveness of paycheck protection program loan	(106,648)	---
Changes in assets and liabilities:		
Pledges receivable	(500)	(40,000)
Accounts receivable	(1,189)	15,005
Prepaid expenses	(8,319)	4,608
Accounts payable	(30)	(546)
Accrued payroll and benefits	(13,335)	8,522
Deferred revenues	5,260	(8,841)
Net cash provided by operating activities	24,993	140,322
Cash Flows From Investing Activities:		
Purchases of investments	(11,491)	(1,461,985)
Proceeds from sales of investments	---	1,440,255
Net cash used by investing activities	(11,491)	(21,730)
Cash Flows From Financing Activities:		
Proceeds from payroll protection program loan	---	106,648
Net cash provided by financing activities	---	106,648
Net increase in cash and equivalents	13,502	225,240
Cash and equivalents - beginning of year	305,117	79,877
Cash and equivalents - end of year	\$ 318,619	\$ 305,117
Noncash transactions:		
Forgiveness of paycheck protection program loan	\$ 106,648	\$ ---

See Accompanying Notes and Independent Accountants' Review Report.

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2021 and 2020

1. Summary of Significant Accounting Policies

A. Nature of Operations

Nature of Business

The Organization is a nonprofit organization organized under the laws of the state of Wisconsin for the purpose of promoting continuing spiritual and educational formation of its membership and Christ-like advocacy in ethical, legal, political and social areas of service in health care ministries. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code except for net income from unrelated business activities. The Organization has determined that it has no income from unrelated business activities, and therefore, has no uncertain tax positions that are material to the financial statements. The following is a summary of the Organization's program services.

Advocating/Promoting Chaplaincy:

- Collaborative projects with our strategic partners, including both revising our common competencies, common code of ethics, and review revision.
- Research Projects

Certification: All support related to the certification of our members, including receiving and processing applications, prepping and supporting interviews, and organizing and educating all those involved in the education process.

CPMC: Supporting the development of the formation and certification procedures for Catholic Prison Ministries Coalition (CPMC) and supporting the networking among those involved in the prison ministries including townhall meetings and webinars. On May 1, 2020, the Organization entered into a fiscal sponsorship agreement with CPMC. See footnote 12 for additional information.

Education: The planning, implementation, and evaluation of all education programming including national conference, webinars, and local events.

Member Support: Receiving, processing, and maintaining membership, and potential and current member inquiries, and managing member database.

Member Networking/Communications:

- All member communication vehicles including E-newsletter, E-publications of articles, and networking calls.
- Web communication and development.

B. Basis of Statement Preparation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Under U.S. GAAP, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization's changes therein are classified and reported as follows:

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2021 and 2020
(Continued)

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Statement Preparation (Continued)

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for donor development and conference funds.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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 for the acquisition of long-lived assets are recognized as revenue with donor restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. No net assets are held in perpetuity as of December 31, 2021 and 2020.

C. Revenue Recognition

Revenue from performance obligations satisfied at a point in time consists of the following:

Certification Fees – Certification fees are recognized as revenue as the certification process takes place. The portion related to future periods is recorded as deferred revenue.

National Conference, Educational Events, and Webinars/Audio Conferences – National conference, educational events, and webinars/audio conferences revenues are recognized as the events take place. Amounts collected for an event to be held in a subsequent year are recorded as deferred revenue.

Revenue from non-exchange transactions consist of the following:

Contributions and Grants – Contributions and grants are recognized as revenue in the period received or unconditionally promised, whichever is earlier. They are recorded as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue that has characteristics of both exchange and non-exchange transactions consist of the following:

Membership Dues – Membership dues are on anniversary-date basis and are recognized ratably over the membership period since there are no distinct performance obligations and the general member benefits are considered a bundled group of performance obligations that are delivered to members throughout the membership period. Unearned membership revenue is reflected as deferred revenue on the statements of financial position.

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2021 and 2020
(Continued)

1. Summary of Significant Accounting Policies (Continued)

D. Cash and Equivalents

The Organization defines cash and cash equivalents as highly liquid, short-term investments with an original maturity of three months or less. Financial instruments that potentially subject the Organization to credit risk are cash balances that periodically exceed the Federal insurance limit. Cash held for investment purposes is reported as an investment.

E. Pledges Receivable

Pledges are recorded as receivables in the year the pledge is received. Current pledges receivable are expected to be collected during the next year and are recorded at net realizable value. Noncurrent pledges receivable are expected to be collected greater than one year from December 31, 2021 and are recorded at net realizable value. An allowance for uncollectible promises to give is determined based on experience. There was \$0 allowance for uncollectible promises to give for the years ended December 31, 2021 and 2020. The receivable is not discounted because net present value approximates fair value.

F. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Past due receivables are written off after management has used reasonable collection efforts based on individual credit evaluations and specific customer circumstances. The Organization does not provide an allowance for uncollectible accounts since none is considered necessary based on management's review of outstanding receivables, historical collection information, and existing economic conditions.

G. Investments

Investments consisting of cash equivalents, fixed income securities and equity securities are reported at their fair values in the statements of financial position. Investment income (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less direct investment expenses. Investment income restricted by a donor is reported as an increase in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income is recognized.

The Organization has adopted the generally accepted accounting principle that defines fair value, establishes a framework for measuring fair value, and provides for specific disclosures about fair value instruments. The following fair value hierarchy is used to prioritize inputs.

Level 1 - Quoted prices in active markets, e.g. NYSE, NASDAQ, etc., for assets identical to the securities to be valued. If a Level 1 input is available, it must be used.

Level 2 - Inputs other than quoted prices that are observable for securities, either directly or indirectly. Examples include matrix pricing utilizing yield curves, prepayment speeds, credit risks, etc.; quoted prices for similar assets in active markets; and inputs derived from observable market data by correlation or other means.

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2021 and 2020
(Continued)

1. Summary of Significant Accounting Policies (Continued)

G. Investments (Continued)

Level 3 - Unobservable inputs which contain assumptions by the party valuing those assets. For Level 3 inputs, there is no market data or correlations with market assumptions. Examples would include limited partnership interests, closely held stock, etc.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fixed Income Securities and Equity Securities: Valued at the closing price reported on the active market on which the individual securities are traded.

H. Property and Equipment

Property and equipment are recorded at cost if purchased or fair value at the date of the gift if donated. All acquisitions of property and equipment in excess of \$1,000 that materially prolong the useful lives of assets are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of 5 to 10 years. Maintenance, repairs and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in the statements of activities.

I. Conference Expenses

Expenditures for conference goods and services are recognized as expenses during the year in which the conference is held. Amounts paid for a conference to be held in a subsequent year are recorded as prepaid expenses.

J. Compensated Absences and Vacations

The financial statements include a liability for compensated absences and vacations for all employees who held vested rights of such compensation.

K. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2021 and 2020
(Continued)

1. Summary of Significant Accounting Policies (Continued)

L. Allocation of Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expense present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated across the programs and supporting services benefited. Direct expenses specifically identifiable with a function are charged to that function. The expenses that are allocated include occupancy which is allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

M. Subsequent Events

Management of the Organization has evaluated all subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed, February 24, 2022. There were no subsequent events that require disclosure in the notes to the financial statements.

2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	2021	2020
Financial assets:		
Cash and equivalents	\$ 318,618	\$ 305,117
Pledges receivable	20,500	20,000
Accounts receivable	3,275	2,086
Investments	2,162,206	1,970,836
Total financial assets	2,504,599	2,298,039
 Less amounts not available to be used within one year for general expenditures:		
Net assets with donor restrictions	(144,202)	(158,162)
Financial assets available to meet general expenditures within one year	\$ 2,360,397	\$ 2,139,877

As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

3. Retirement Plan

The Organization has a retirement plan qualified under Section 403(b) of the IRC. For 2021 and 2020, the Organization contributed 5.5% of gross salaries to the plan for qualified employees; or \$21,818 and \$19,062, respectively. Employees may make contributions to the plan up to the maximum amount allowed by the IRC if they wish. The plan covers all employees; however, an employee must be at least 21 years of age and complete at least one year of service (1,000 hours) to receive employer base contributions.

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2021 and 2020
(Continued)

4. Contract Assets and Contract Liabilities

The Organization's contract assets and liabilities consist of the following as of December 31:

	2021	2020
Accounts receivable		
Accounts receivable – miscellaneous income	\$ 3,275	\$ 2,086
Deferred revenue		
Deferred revenue – certification fees	\$ 18,205	\$ 17,492
Deferred revenue – membership dues	175,691	171,144
	\$ 193,896	\$ 188,636

5. Net Assets

The following is a summary of the board-designated net assets as of as of December 31:

	2021	2020
Conference Fund	\$ 23,708	\$ 23,708
Donor Development Fund	34,389	38,285
Total	\$ 58,097	\$ 61,993

The following is a summary of the net assets with donor restrictions as of December 31:

	2021	2020
Continuing Education Fund	\$ 15,558	\$ 15,558
Catholic Prison Ministry Coalition	128,644	142,604
Total	\$ 144,202	\$ 158,162

6. Investments

The fair values of the Organization's professionally-managed investments, were comprised of the following at December 31:

	2021	2020
Cash equivalents	\$ 173,085	\$ 213,066
Fixed income mutual funds	448,121	411,887
Equity mutual funds	1,541,000	1,345,883
Total	2,162,206	1,970,836
Unrealized gain	(967,079)	(787,200)
Cost basis at December 31	\$ 1,195,127	\$ 1,183,636

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2021 and 2020
(Continued)

6. Investments (Continued)

Investment income, net consists of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 11,640	\$ 21,976
Realized and unrealized gains	179,879	130,693
Total	<u>\$ 191,519</u>	<u>\$ 152,669</u>

The Organization utilizes various methods to measure the fair value of its investments on a recurring basis. Financial accounting standards establish a hierarchy that prioritizes inputs to valuation methods. Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are based on unobservable inputs and requires management to use their own assumptions on valuation. All of the Organization's investments are measured using Level 1 inputs.

7. Operating Leases

In October 2010, the Organization entered into a 36-month lease agreement for its office space commencing on February 1, 2011. In July 2014, this lease was extended until July 31, 2016. In December 2015, this lease was extended again through July 31, 2018. In December 2018, this lease was extended through July 31, 2020. In September 2019, this lease was extended again through July 31, 2021. In November 2020, this lease was extended again through January 31, 2024. Total annual rent expense attributable to this lease was \$30,685 in 2021 and \$43,432 in 2020, respectively.

The minimum future rental commitments under this operating lease are follows for the years ending December 31:

<u>Year</u>	<u>Amount</u>
2022	\$ 30,244
2023	30,848
2024	2,575
Total	<u>\$ 63,667</u>

8. Contingencies

The Organization allows employees to accumulate up to 60 days of sick time. The employee loses any right to this sick pay upon termination. At December 31, 2021 and 2020, this contingent liability amounted \$35,549 and \$68,110 respectively.

The Organization's investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level or risk associated with certain investments and the level of uncertainty related to changes in values of investments, it is at least reasonably possible that changes in risk in the near term would materially affect the amounts reported in the statements of financial position and the statements of activities.

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9. Concentrations

The Organization received approximately 45% and 47% of its contributions from two donors or grantors for the years ended December 31, 2021 and 2020, respectively.

10. Paycheck Protection Program

On May 5, 2020, the Organization obtained a Paycheck Protection Program Loan ("PPP Loan") in the amount of \$106,648. The Organization has recognized the PPP proceeds as revenue for the year ended December 31, 2021, as the Small Business Administration approved forgiveness of the loan as of April 19, 2021.

Under the terms of the CARES Act, PPP Loan recipients can apply for, and be granted forgiveness for, all or a portion of the PPP Loan and accrued interest. Such forgiveness will be determined, subject to limitations, based on the use of PPP Loan proceeds for payment of payroll costs and any payments of mortgage interest, rent, utilities, covered operations expenditures, covered property damage, covered supplier costs, and covered worker protection expenditures, and retention of employees and maintaining salary levels. However, no assurance is provided that forgiveness for any portion of the PPP Loan will be obtained.

As noted above, the PPP Loan has been forgiven, and thus recognized as revenue for the year ended December 31, 2021.

11. Fiscal Sponsorship

The Organization acts as a fiscal sponsor to Catholic Prison Ministries Coalition ("CPMC"), which engage in activities that are consistent with the Organization's mission. The Organization accepts tax-deductible donations on behalf of CPMC and administers the expenditures of those funds for designated tax-exempt charitable purposes. The Organization will also maintain all financial records relating to CPMC according to U.S. GAAP and process bi-weekly payroll and employee benefits for CPMC employees. The Organization offers fiscal sponsorship support on a case by case basis, in situations in which there is no appropriate community-based 501(c)(3) organization that could otherwise act as a fiscal sponsor or if 501(c)(3) designation cannot be obtained.

The Organization's fiscal sponsorship of CPMC programs are generally on an on-going basis. The Organization accepts funds on behalf of CPMC for specific programs which range from supporting the development certification procedures and networking among those involved in prison ministries. In all cases, the Organization has variance power over the fiscal sponsorship contributions it receives. As of December 31, 2021 and 2020, temporarily restricted net assets held for fiscal sponsorship of CPMC programs are \$128,644 and \$142,604, respectively.

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11. Fiscal Sponsorship (Continued)

The following is a summary of fiscal sponsor activity as of and for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Fiscal sponsorship included as part of net assets with donor restrictions, beginning of year	\$ 142,604	\$ ---
Add: temporarily restricted revenue for fiscal sponsorships	87,000	144,015
Less: net assets released from restrictions for Fiscal sponsorships	<u>(100,960)</u>	<u>(1,411)</u>
Net increase (decrease) in fiscal sponsorship funds	(13,960)	142,604
Fiscal sponsorships included as part of net assets with donor restrictions, end of year	<u>\$ 128,644</u>	<u>\$ 142,604</u>