

Young Catholic Professionals

**Financial Statements
December 31, 2022 and 2021**

Young Catholic Professionals

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Independent Auditors' Report

To the Board of Directors of
Young Catholic Professionals

Opinion

We have audited the accompanying financial statements of Young Catholic Professionals (a nonprofit organization) (Organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, 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 (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.



A Limited Liability Partnership

Arlington, Texas
November 30, 2023

Young Catholic Professionals
Statements of Financial Position
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 1,305,204	\$ 576,572
Cash held for others	968	1,793
Unconditional promises to give, net	373,840	184,000
Chapter fees receivable, net	31,277	16,213
Beneficial interest in assets held by others	8,532	10,000
Prepaid expenses	<u>46,047</u>	<u>21,444</u>
Total assets	<u><u>\$ 1,765,868</u></u>	<u><u>\$ 810,022</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 93,547	\$ 10,939
Accrued expenses	-	8,910
Due to local chapters	968	1,793
Deferred revenue	<u>116,329</u>	<u>43,994</u>
Total liabilities	210,844	65,636
Net Assets:		
With donor restrictions	-	2,278
Without donor restrictions	<u>1,555,024</u>	<u>742,108</u>
Total net assets	<u>1,555,024</u>	<u>744,386</u>
Total liabilities and net assets	<u><u>\$ 1,765,868</u></u>	<u><u>\$ 810,022</u></u>

See notes to financial statements.

Young Catholic Professionals
Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Contributions of cash and financial assets	\$ 1,711,695	\$ -	\$ 1,711,695
Membership dues	36,744	-	36,744
Chapter fees	113,409	-	113,409
Conference	203,456	-	203,456
Contributions of nonfinancial assets	30,450	-	30,450
Other revenue	1,115	-	1,115
Net assets released from restrictions	2,278	(2,278)	-
Total revenue and other support	2,099,147	(2,278)	2,096,869
Expenses:			
Program services	829,021	-	829,021
Management and general	148,966	-	148,966
Fundraising	308,244	-	308,244
Total expenses	1,286,231	-	1,286,231
Change in net assets	812,916	(2,278)	810,638
Net assets at beginning of year	742,108	2,278	744,386
Net assets at end of year	<u>\$ 1,555,024</u>	<u>\$ -</u>	<u>\$ 1,555,024</u>

See notes to financial statements.

Young Catholic Professionals
Statement of Activities
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Contributions of cash and financial assets	\$ 638,948	\$ -	\$ 638,948
Membership dues	23,729	-	23,729
Chapter fees	101,787	-	101,787
Conference	176,151	-	176,151
Government grant	89,108	-	89,108
Contributions of nonfinancial assets	81,985	-	81,985
Other revenue	13	-	13
Net assets released from restrictions	3,000	(3,000)	-
Total revenue and other support	1,114,721	(3,000)	1,111,721
Expenses:			
Program services	548,703	-	548,703
Management and general	103,704	-	103,704
Fundraising	158,806	-	158,806
Total expenses	811,213	-	811,213
Change in net assets	303,508	(3,000)	300,508
Net assets at beginning of year	438,600	5,278	443,878
Net assets at end of year	\$ 742,108	\$ 2,278	\$ 744,386

See notes to financial statements.

Young Catholic Professionals
Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services	Management and General	Fundraising	Total
Salaries, taxes and benefits	\$ 479,862	\$ 81,000	\$ 127,696	\$ 688,558
Conference	161,513	-	300	161,813
Independent contractors	35,427	275	900	36,602
Insurance	-	1,510	-	1,510
Membership technology	54,576	7,039	5,500	67,115
Marketing	-	-	140,148	140,148
Merchant fees	6,976	147	-	7,123
Miscellaneous	21,052	4,508	545	26,105
Occupancy	767	1,873	225	2,865
Professional fees	-	38,941	6,250	45,191
Supplies	16,066	4,080	3,010	23,156
Donated rent	21,533	3,603	5,314	30,450
Travel	31,249	5,990	18,356	55,595
Total functional expenses	\$ 829,021	\$ 148,966	\$ 308,244	\$ 1,286,231

See notes to financial statements.

Young Catholic Professionals
Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services	Management and General	Fundraising	Total
Salaries, taxes and benefits	\$ 300,737	\$ 50,757	\$ 111,011	\$ 462,505
Conference	99,780	-	-	99,780
Independent contractors	39,776	-	-	39,776
Insurance	-	1,309	55	1,364
Membership technology	32,026	4,917	-	36,943
Merchant fees	3,014	-	413	3,427
Miscellaneous	15,024	4,018	903	19,945
Professional fees	-	28,500	25,000	53,500
Donated rent	52,726	9,203	20,056	81,985
Travel	5,620	5,000	1,368	11,988
Total functional expenses	\$ 548,703	\$ 103,704	\$ 158,806	\$ 811,213

See notes to financial statements.

Young Catholic Professionals
Statements of Cash Flow
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 810,638	300,508
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in allowance for doubtful accounts	8,031	(7,914)
Change in discount in unconditional promises to give	16,160	-
Net loss from beneficial interest in assets held by others	1,468	-
Change in assets and liabilities:		
Cash held for others	825	9,767
Chapter fees receivable	(23,095)	5,974
Unconditional promises to give	(206,000)	(184,000)
Prepaid expenses	(24,603)	19,107
Accounts payable	82,608	4,951
Accrued expenses	(8,910)	(7,964)
Due to local chapters	(825)	(9,767)
Deferred revenue	72,335	(37,837)
Net cash provided by operating activities	728,632	92,825
Cash flows used by investing activities:		
Addition to beneficial interest held by others	-	(10,000)
Net change in cash and cash equivalents	728,632	82,825
Cash and cash equivalents at beginning of year	576,572	493,747
Cash and cash equivalents at end of year	\$ 1,305,204	\$ 576,572

See notes to financial statements.

Young Catholic Professionals

Notes to Financial Statements

1. Organization

Young Catholic Professionals (Organization) was founded in 2010 to help driven, Catholic professionals in their 20s and 30s connect with one another and grow in their Catholic faith. The Organization oversees training, development and implementation of each individual, local chapter throughout the country, and provides ongoing direction and support after startup. Local chapters rely on the Organization for ongoing guidance, direction and support. The Organization operates as a chapter-based model and is primarily supported by chapter fees, special events and contributions from individuals and other organizations. During 2022, the Organization was operating with chapters in 30 U.S. cities.

2. Summary of Significant Accounting Policies

The accounting policies of the Organization conform to accounting principles generally accepted in the United States of America (GAAP). The more significant policies of the Organization are described below.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with (GAAP).

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

Net assets with donor restrictions - Net assets subject to donor stipulations that will be met by actions of the Organization and/or the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board of directors approved spending policy. As of December 31, 2022 and 2021, no such net asset restrictions existed.

Young Catholic Professionals

Notes to Financial Statements

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization chooses to show contributions with donor restrictions whose restrictions are met in the same reporting period as contributions without donor restrictions.

Financial Instruments and Credit Risk Concentrations

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents, chapter fees receivable, unconditional promises to give and beneficial interest in assets held by others. Cash and cash equivalents are placed with high credit quality financial institutions, which at times may exceed federally insured limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2022, cash balances exceeded federally insured limits by \$677,975.

Chapter fees receivable are unsecured and are primarily due from various local chapters within one year. Unconditional promises to give are unsecured and are due from various donors. The Organization continually evaluates the collectability of chapter fees receivable and unconditional promises to give and maintains allowances for potential losses, if considered necessary.

Unconditional promises to give as of December 31, 2022 and 2021 are due from four donors.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash and highly liquid investments with a maturity of three months or less when purchased.

Fair Value Measurements

Under the Fair Value Measurements and Disclosures topic of the Codification, ASC 820, disclosures are required about how fair value is determined for assets and liabilities and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs as follows:

Level 1	Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;
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Young Catholic Professionals

Notes to Financial Statements

Level 2	Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies;
Level 3	Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

Beneficial Interest in Assets Held by Others: valued based on underlying assets in the community foundation trust determined by third party trustees. See Note 6.

Deferred Revenue

Deferred revenue represents chapter fees paid in advance by various city chapters, membership dues paid in advance by Organization members and sponsorship revenue received in advance.

Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor. 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 on which they depend have been met.

Membership dues, chapter fees and conference revenue are recorded as income in the accounting period to which they relate. Revenues received for future years are deferred to the appropriate period. All membership dues, chapter fees and conference revenue are recognizeable within one year.

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Notes to Financial Statements

Volunteers, business firms and others contribute substantial amounts of supplies and other items toward the fulfillment of programs initiated by the Organization. To the extent that noncash contributions which are under the control of the Organization are objectively measurable and represent program or support expenses which would be otherwise incurred, they are reflected as in-kind contributions and expense in the accompanying financial statements. In-kind contributions are stated at their estimated value at date of receipt.

As of December 31, 2022 and 2021, the Organization has conditional promises to give from nine donors of \$1,000 per chapter to be based on the number of chapters in existence at the time of the future donation. The conditional portion will be recognized as revenue when the conditions, which include the Organization establishing new chapters, are met. At December 31, 2022 the Organization had 30 chapters.

Donated use of facilities is reflected as a contribution of nonfinancial assets at the estimated fair value of the rent. The Organization recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Income Taxes

The Organization is recognized by the Internal Revenue Service (IRS) as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (IRC) and has not been classified as a private foundation as defined in the IRC. Income generated from activities unrelated to the Organization's exempt purpose is subject to tax under IRC Section 511. The Organization did not have a material unrelated business income tax liability as of December 31, 2022 and 2021. Therefore, no tax provision or liability has been reported in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax return and recognition of tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2022 and 2021 there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

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Notes to Financial Statements

Allocation of Functional Expenses

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the various functions. Costs are allocated between program services and support services based on management's judgment considering time spent or direct relation to the program or support service benefited.

Estimates and Assumptions

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

Accounting Pronouncement Adopted

The Organization adopted accounting standards update (ASU) ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (ASU 2020-07). ASU 2020-07 increases transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in ASU 2020-07 address stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP's programs and other activities. ASU 2020-07 requires NFPs to present contributed nonfinancial assets (gifts-in-kind) as a separate line item in the statement of activities. The Organization has adopted this ASU on the retrospective basis as of and for the year ended December 31, 2022.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes gifts-in-kind, and therefore, no changes were required to net assets as of January 1, 2021. The presentation and disclosures of gifts-in-kind have been enhanced in accordance with the standard.

3. Cash Held for Others

The Organization collects and distributes membership dues and contributions on behalf of the local chapters. Membership dues and contributions collected but not yet remitted to the various city chapters totaled \$968 and \$1,793 at December 31, 2022 and 2021, respectively, are presented as cash held for others with a corresponding liability reported as due to local chapters.

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Notes to Financial Statements

4. Unconditional Promises to Give

Unconditional promises to give consists of the following at December 31:

	2022	2021
Amounts due in:		
Less than one year	\$ 270,000	\$ 92,000
One to five years	120,000	92,000
Subtotal	390,000	184,000
Unamortized present value discount	(16,160)	-
	<u>\$ 373,840</u>	<u>\$ 184,000</u>

Unconditional promises to give due in more than one year are valued using a discount rate of 7.5%.

5. Chapter Fees Receivable

Chapter fees receivable at December 31 are as follows:

	2022	2021
Chapter fees receivable	\$ 43,492	\$ 20,238
Other receivables	-	159
Allowance for doubtful accounts	(12,215)	(4,184)
Chapter fees receivable, net	<u>\$ 31,277</u>	<u>\$ 16,213</u>

6. Beneficial Interest in Assets Held by Others

The Organization has a beneficial interest in assets held by The Catholic Foundation valued at \$8,532 and \$10,000 as of December 31, 2022, and 2021, respectively.

Fair value of the Organization's beneficial interest in assets held by others is determined by third party trustees and is based on the underlying assets in The Catholic Foundation. Since these values are based on unobservable inputs, they are considered Level 3 investments.

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Notes to Financial Statements

The following table presents the rollforward of activity for assets held by The Catholic Foundation at fair value for the years ended December 31, 2022 and 2021:

	2022	2021
Beginning balance	\$ 10,000	\$ -
Additions	-	10,000
Investment income	192	-
Unrealized and realized losses	(1,370)	-
Investment expenses	(290)	-
Ending balance	<u>\$ 8,532</u>	<u>\$ 10,000</u>

7. Chapter Fees and Membership Dues

The following tables provide information about significant changes in chapter fees and membership dues paid in advance as of December 31:

	2022	2021
Chapter fees paid in advance, beginning of year	\$ 5,000	\$ 13,959
Revenue recognized that was included in chapter fee revenue at the beginning of the year	(1,720)	(8,959)
Chapter fees paid in advance, end of year	<u>\$ 3,280</u>	<u>\$ 5,000</u>
Membership dues paid in advance, beginning of year	\$ 33,344	\$ 19,517
Revenue recognized that was included in membership dues revenue at the beginning of the year	(33,344)	(19,517)
Increase in membership dues revenue due to cash received during the year	80,070	59,970
Revenue recognized during the year	(37,626)	(26,626)
Membership dues paid in advance, end of year	<u>\$ 42,444</u>	<u>\$ 33,344</u>
Deferred conference revenue, beginning of year	\$ 5,650	\$ 48,355
Revenue recognized that was included in conference revenue at the beginning of the year	(5,650)	(48,355)
Increase in conference revenue due to cash received during the year	70,605	5,650
Deferred conference revenue, end of year	<u>\$ 70,605</u>	<u>\$ 5,650</u>
Total deferred revenue	<u>\$ 116,329</u>	<u>\$ 43,994</u>

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Notes to Financial Statements

8. Net Assets with Donor Restrictions

As of December 31, 2022, the Organization did not have net assets with donor restrictions. As of December 31, 2021, the Organization had net assets with donor restrictions totaling \$2,278 restricted for a mentoring program.

9. Related Party Transactions

During 2022 and 2021, the Organization received \$324,300 and \$265,375, respectively, in contributions from various board members. Contributions from related parties totaled approximately 19% and 42% of total contributions at December 31, 2022 and 2021, respectively. At December 31, 2022 and 2021, 31% and 50%, respectively, of unconditional promises to give are due from board members.

10. Contributions of Nonfinancial Assets

The Organization received donated occupancy with a value of \$30,450 and \$81,985 for the years ended December 31, 2022 and 2021, respectively.

Rent

Contributed rent is valued at the fair value based on comparable rental prices.

11. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows as of December 31:

	2022	2021
Cash and cash equivalents	\$ 1,305,204	\$ 576,572
Unconditional promises to give, net	373,840	184,000
Chapter fees receivable, net	31,277	16,213
Beneficial interest in assets held by others	8,532	10,000
Total financial assets at year end	1,718,853	786,785
Less amounts not available for general expenditure within one year, due to:		
Unconditional promises to give - due after one year	(120,000)	(92,000)
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,598,853</u>	<u>\$ 694,785</u>

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Notes to Financial Statements

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The chapter fees receivable are expected to be collected within one year. The Organization has a goal to maintain financial assets, which consist of cash and receivables on hand to meet 60 days of normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

12. Subsequent Events

The Organization evaluated subsequent events through, November 30, 2023, the date the financial statements were available to be issued and concluded that no additional disclosures are required.