

**OHIO STATE COUNCIL
KNIGHTS OF COLUMBUS**

**FINANCIAL STATEMENTS
(INCOME TAX BASIS)**

MARCH 31, 2022 AND 2021

CPAs / ADVISORS



OHIO STATE COUNCIL, KNIGHTS OF COLUMBUS

TABLE OF CONTENTS

MARCH 31, 2022 AND 2021

	Page
Report of Independent Auditors	1
Financial Statements	
Statements of Assets, Liabilities, and Net Assets – Income Tax Basis.....	4
Statements of Revenues, Expenses, and Changes in Net Assets – Income Tax Basis.....	5
Notes to Financial Statements.....	7



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REPORT OF INDEPENDENT AUDITORS

To the Members
Ohio State Council
Knights of Columbus
State of Ohio

Opinion

We have audited the financial statements of Ohio State Council, Knights of Columbus (the "Council"), which comprise the statement of assets, liabilities and net assets – income tax basis as of March 31, 2022 and 2021, and the related statement of revenue, expenses and changes in net assets – income tax basis and changes in partners' capital – income tax basis for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Ohio State Council, Knights of Columbus as of March 31, 2022 and 2021, and its revenue, expenses and changes in net assets for the years then ended in accordance with the basis of accounting Ohio State Council, Knights of Columbus uses for income tax purposes described in Note 2.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council, 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.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of accounting the Council uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the income tax basis of accounting described in Note 2; this includes determining that the income tax basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's 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 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 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Council'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 Council'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.

Blue & Co., LLC

Cincinnati, Ohio

May 5, 2022

OHIO STATE COUNCIL, KNIGHTS OF COLUMBUS

STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - INCOME TAX BASIS
MARCH 31, 2022 AND 2021

	2022	2021
ASSETS		
Current assets		
Cash	\$ 470,285	\$ 334,968
Total current assets	470,285	334,968
Investments, at cost	338,290	329,580
Total assets	\$ 808,575	\$ 664,548
LIABILITIES AND NET ASSETS		
Liabilities	\$ -	\$ -
Net assets		
Without donor restrictions:		
Undesignated	735,639	595,607
Board designated	47,800	43,805
	783,439	639,412
With donor restrictions	25,136	25,136
Total liabilities and net assets	\$ 808,575	\$ 664,548

See accompanying notes to financial statements.

OHIO STATE COUNCIL, KNIGHTS OF COLUMBUS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -INCOME TAX BASIS YEAR ENDED MARCH 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Charities campaign	\$ 506,933	\$ -	\$ 506,933
Measure-up campaign	261,177	-	261,177
Fundraising sweepstakes	581,570	-	581,570
Vocations	141,311	-	141,311
Matching funds	35,598	-	35,598
State per capita fees	224,560	-	224,560
Supreme council rebates	605	-	605
Investment income, net	9,238	-	9,238
Miscellaneous	7,814	-	7,814
Net assets released from restrictions	-	-	-
	1,768,806	-	1,768,806
Expenses			
Charities campaign-Charity Foundation	228,419	-	228,419
Charities campaign-expenses	55,244	-	55,244
Charities campaign-council rebates	216,436	-	216,436
Measure-up program-Charity Foundation	24,668	-	24,668
Measure-up program-expenses	2,239	-	2,239
Measure-up program-grants	239,310	-	239,310
Fundraising sweepstakes-expenses	204,296	-	204,296
Fundraising sweepstakes-council rebates	191,166	-	191,166
Fundraising sweepstakes-prizes	31,329	-	31,329
Vocations	80,437	-	80,437
Matching funds-Charity Foundation	38,973	-	38,973
Convention expense	54,010	-	54,010
Supreme Convention	12,335	-	12,335
Buckeye Bulletin	924	-	924
State officers' expense	36,787	-	36,787
Promotion of program	110,800	-	110,800
District deputies	53,274	-	53,274
Program awards	2,000	-	2,000
Youth program	4,886	-	4,886
General and administrative	37,246	-	37,246
	1,624,779	-	1,624,779
Change in net assets	144,027	-	144,027
Net assets, beginning of year	639,412	25,136	664,548
Net assets, end of year	\$ 783,439	\$ 25,136	\$ 808,575

See accompanying notes to financial statements.

OHIO STATE COUNCIL, KNIGHTS OF COLUMBUS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – INCOME TAX BASIS YEAR ENDED MARCH 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Charities campaign	\$ 401,660	\$ -	\$ 401,660
Measure-up campaign	166,632	-	166,632
Fundraising sweepstakes	453,361	-	453,361
Vocations	89,328	-	89,328
Matching funds	39,745	-	39,745
State per capita fees	233,714	-	233,714
Supreme council rebates	6,109	-	6,109
Investment income, net	5,612	-	5,612
Miscellaneous	2,942	-	2,942
Net assets released from restrictions	500	(500)	-
Total revenues	1,399,603	(500)	1,399,103
Expenses			
Charities campaign-Charity Foundation	171,737	-	171,737
Charities campaign-expenses	66,622	-	66,622
Charities campaign-council rebates	154,302	-	154,302
Measure-up program-Charity Foundation	15,040	-	15,040
Measure-up program-expenses	5,668	-	5,668
Measure-up program-grants	157,230	-	157,230
Fundraising sweepstakes-expenses	173,153	-	173,153
Fundraising sweepstakes-council rebates	116,764	-	116,764
Fundraising sweepstakes-prizes	29,093	-	29,093
Vocations	115,204	-	115,204
Matching funds-Charity Foundation	39,124	-	39,124
Matching funds-expenses	745	-	745
Convention expense	25,401	-	25,401
Supreme Convention	3,258	-	3,258
Buckeye Bulletin	4,323	-	4,323
State officers' expense	24,410	-	24,410
Promotion of program	40,916	-	40,916
District deputies	27,488	-	27,488
Program awards	2,453	-	2,453
Youth program	319	-	319
General and administrative	38,980	-	38,980
Total expenses	1,212,230	-	1,212,230
Change in net assets	187,373	(500)	186,873
Net assets, beginning of year	452,039	25,636	477,675
Net assets, end of year	<u>\$ 639,412</u>	<u>\$ 25,136</u>	<u>\$ 664,548</u>

See accompanying notes to financial statements.

OHIO STATE COUNCIL, KNIGHTS OF COLUMBUS

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2022 AND 2021

1. NATURE OF ACTIVITIES

The Ohio State Council, Knights of Columbus (the "Council") was formed as a fraternal organization in 1898 to benefit members of the Knights of Columbus in religious activities and perform charitable programs within Ohio.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements are prepared on the income tax basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Consequently, revenues are recorded when received and expenses are recorded when paid. The net assets of the Council are classified and reported as follows:

Net assets without donor restrictions: Net assets that are currently available for operating purposes under the direction of the board or designated by the board for specific use.

Net assets with donor restrictions: Net assets subject to donor stipulations for specific operating purposes or time restrictions. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with investment return available for operations or specific purposes.

The Council has an immaterial amount of furniture and office equipment, which was expensed when purchased.

Use of Estimates

The preparation of the financial statements on the income tax basis of accounting requires the Council's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

The Council receives the majority of its support in the form of contributions, various fundraising campaigns, and membership fees from its membership and the public. Contribution income is recorded when cash is received or when ownership of donated assets is transferred.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Contributions with restrictions are reported as increases in net assets with donor restrictions, depending upon the nature of the restriction.

OHIO STATE COUNCIL, KNIGHTS OF COLUMBUS

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2022 AND 2021

Contributed Services

The Council receives a substantial amount of services donated by its members in carrying out the Council's mission. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition.

Concentration of Market Risk

The Council invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect account balances.

Federal Income Tax

The Council is an exempt organization under Internal Revenue Code Section 501(c)(8) and therefore not subject to federal income tax. Accordingly, no provision has been made for federal income tax in the financial statements.

Investments

Investments in marketable securities are stated at cost. Under accounting principles generally accepted in the United States of America, such investments would be recorded at their fair values.

Date of Management's Review

Management has evaluated subsequent events through May 5, 2022, the date on which the financial statements were available to be issued.

OHIO STATE COUNCIL, KNIGHTS OF COLUMBUS

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2022 AND 2021

3. LIQUIDITY AND AVAILABILITY

The Council monitors its liquidity on a daily basis so that it's able to meet operating needs and other commitments as they come due. The Council's primary source of revenue comes from dues from its members as well as various fundraisers throughout the year. General expenditures primarily consist of grants, travel, per diem, and various expenses relating to the fundraising activities.

The following reflects the Council's financial assets as of March 31, reduced by amounts not available for general expenditure within one year of the statement of assets, liabilities, and net assets – income tax basis date because of donor-imposed restrictions or internal designations. Assets not available include amounts set aside for operating and other reserves that could be drawn upon if the board approves such action.

	<u>2022</u>	<u>2021</u>
Cash	\$ 470,285	\$ 334,968
Investments, at market value	374,220	374,292
Less: donor restricted net assets	(25,136)	(25,136)
Less: board designated net assets	<u>(47,800)</u>	<u>(43,805)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 771,569</u>	<u>\$ 640,319</u>

4. INVESTMENTS

The following table summarizes investment holdings as of March 31, 2022:

	<u>Fair Value</u>	<u>Cost</u>
Mutual funds	\$ 157,190	\$ 161,537
Common stocks	206,205	163,890
Preferred stocks	<u>10,825</u>	<u>12,863</u>
	<u>\$ 374,220</u>	<u>\$ 338,290</u>

OHIO STATE COUNCIL, KNIGHTS OF COLUMBUS

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2022 AND 2021

The following table summarizes investment holdings as of March 31, 2021:

	<u>Fair Value</u>	<u>Cost</u>
Mutual funds	\$ 153,328	\$ 149,449
Common stocks	209,772	169,619
Preferred stocks	<u>11,192</u>	<u>10,512</u>
	<u>\$ 374,292</u>	<u>\$ 329,580</u>

Proceeds from sales of investments were \$21,215 and \$9,648, respectively, for the years ended March 31, 2022 and 2021. For the year ended March 31, 2022, gross gains of \$3,021 were realized; for the year ended March 31, 2021, gross gains of \$1,503 were realized. Interest and dividends earned on investments were \$9,185 and \$5,770 during the years ended March 31, 2022 and 2021, respectively.

5. BOARD DESIGNATED NET ASSETS

Amounts included in net assets without donor restrictions of \$47,800 and \$43,805 as of March 31, 2022 and 2021, respectively, have been designated by the Council's Members for the purpose of providing funds for the purchase of rulers for the Measure Up fundraising event. The rulers are purchased every three years.

6. NET ASSETS WITH DONOR RESTRICTIONS

The Kirwin and McHugh Awards Fund was established for the purpose of funding an award to an insurance agent in Ohio each year. Of the original funding, \$10,000 is restricted for perpetual duration. Income from the Kirwin and McHugh Awards Fund is available for the award.

Net assets with donor restrictions also include purpose restricted funds to be used for disaster relief, per donor stipulations. As of March 31, 2022 and 2021, amounts restricted for this purpose were \$15,136 and \$15,136, respectively.

OHIO STATE COUNCIL, KNIGHTS OF COLUMBUS

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

7. FUNCTIONAL ALLOCATION OF EXPENSES

The Council's operating costs have been allocated between program, fundraising, and management and general expenses based on management's estimates. A summary of the Council's functional allocation of expenses is as follows for the years ended March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Program services		
Grant - Charity Foundation	\$ 217,060	\$ 150,901
Council rebates	407,602	271,066
Council grants	162,618	118,230
Grants - general	166,751	163,168
Program awards	2,769	4,259
Mileage, per diem, meals, hotel	157,615	59,810
Printing and postage	18,621	17,227
Rent	5,342	5,564
Miscellaneous	38,124	42,744
Total program services	<u>1,176,502</u>	<u>832,969</u>
Fundraising		
Awards - Charity Foundation	75,000	75,000
Prizes	58,829	56,593
Mileage, per diem, meals, hotel	5,198	2,717
Promotion of program	2,239	5,668
Printing and postage	60,907	70,782
Ticket expense	165,855	134,989
Miscellaneous	-	4,532
Total fundraising	<u>368,028</u>	<u>350,281</u>
Management and general		
Organizational costs	55,469	5,409
Professional services	19,950	19,300
Miscellaneous	4,830	4,271
Total management and general	<u>80,249</u>	<u>28,980</u>
Total expenses	<u>\$ 1,624,779</u>	<u>\$ 1,212,230</u>

OHIO STATE COUNCIL, KNIGHTS OF COLUMBUS

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2022 AND 2021

8. CONCENTRATIONS OF CREDIT RISK

The Council maintains its cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At March 31, 2022 and 2021, the Council's uninsured cash balances were \$231,439 and \$102,976, respectively.

9. UNCERTAIN TAX POSITIONS

The Council files income tax returns in the U.S. federal jurisdiction. The U.S. federal income tax returns of the Council for 2020, 2019, and 2018 are subject to examination by the Internal Revenue Service (IRS), generally for three years after they were filed. The U.S. federal income tax returns prior to year 2018 are closed. The tax returns filed in the U.S. federal jurisdiction are currently not under examination. The Council continually evaluates expiring statutes of limitation, audits, proposed settlements, changes in tax law and new authoritative rulings.

10. RELATED PARTY TRANSACTIONS

The Council provides contributions to the Ohio Charity Foundation, an affiliated organization, in the form of grants. For the years ended March 31, 2022 and 2021, respectively, the Council made grants to the Ohio Charity Foundation totaling \$292,060 and \$225,901.

The Council provides a monthly stipend to the State Deputy for use of office space and other expenses related to the necessities of the position. Total stipends were \$3,600 for the years ended March 31, 2022 and 2021.

The Council has affiliates that serve as local councils throughout the state. The Council has no ownership or voting interest in these local councils. The Council has joint fundraising activities with the local councils and provides grants to their designated charities on behalf of the local councils. Total grants paid on behalf of the local councils for the years ended March 31, 2022 and 2021 were \$162,618 and \$116,820, respectively. Additionally, from the fundraising activities, the Council provides rebates to the local councils. Total amounts paid to the local councils for the years ended March 31, 2022 and 2021 were \$407,602 and \$271,066, respectively. The Council also receives a state per capita fee, per member, from each local council. Total state per capita fees received for the years ended March 31, 2022 and 2021 were \$224,560 and \$233,714, respectively.