

**OHIO STATE COUNCIL
KNIGHTS OF COLUMBUS**

**FINANCIAL STATEMENTS
(INCOME TAX BASIS)**

MARCH 31, 2023 AND 2022

CPAs / ADVISORS



OHIO STATE COUNCIL, KNIGHTS OF COLUMBUS

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MARCH 31, 2023 AND 2022

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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 statements of assets, liabilities, and net assets – income tax basis as of March 31, 2023 and 2022, and the related statements of revenue, expenses, and changes in net assets – 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 the Council as of March 31, 2023 and 2022, and its revenue, expenses, and changes in net assets for the years then ended, in accordance with the basis of accounting the Council 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 judgment 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 9, 2023

OHIO STATE COUNCIL, KNIGHTS OF COLUMBUS

STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - INCOME TAX BASIS
MARCH 31, 2023 AND 2022

	2023	2022
ASSETS		
Current assets		
Cash	\$ 356,813	\$ 470,285
Total current assets	356,813	470,285
Investments, at cost	343,573	338,290
Total assets	<u>\$ 700,386</u>	<u>\$ 808,575</u>
LIABILITIES AND NET ASSETS		
Liabilities	\$ -	\$ -
Net assets		
Without donor restrictions:		
Undesignated	617,881	735,639
Board designated	48,775	47,800
	<u>666,656</u>	<u>783,439</u>
With donor restrictions	33,730	25,136
Total liabilities and net assets	<u>\$ 700,386</u>	<u>\$ 808,575</u>

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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Charities campaign	\$ 543,941	\$ -	\$ 543,941
Measure-up campaign	268,957	-	268,957
Fundraising sweepstakes	552,981	-	552,981
Vocations	190,424	-	190,424
Disaster relief	-	11,090	11,090
Matching funds	43,664	-	43,664
State per capita fees	183,999	-	183,999
Supreme council rebates	2,422	-	2,422
Investment income, net	5,067	-	5,067
Miscellaneous	17,919	-	17,919
Net assets released from restrictions	2,496	(2,496)	-
Total revenues	1,811,870	8,594	1,820,464
Expenses			
Charities campaign-Charity Foundation	212,772	-	212,772
Charities campaign-expenses	89,335	-	89,335
Charities campaign-council rebates	230,743	-	230,743
Measure-up program-Charity Foundation	26,674	-	26,674
Measure-up program-expenses	3,517	-	3,517
Measure-up program-grants	269,042	-	269,042
Fundraising sweepstakes-expenses	222,359	-	222,359
Fundraising sweepstakes-council rebates	173,248	-	173,248
Fundraising sweepstakes-prizes	32,575	-	32,575
Vocations	167,774	-	167,774
Matching funds-Charity Foundation	49,255	-	49,255
Matching funds-expenses	8	-	8
Convention expense	202,109	-	202,109
Supreme Convention	46,389	-	46,389
Buckeye Bulletin	128	-	128
State officers' expense	32,925	-	32,925
Promotion of program	48,468	-	48,468
District deputies	54,683	-	54,683
Program awards	7,745	-	7,745
Youth program	7,532	-	7,532
General and administrative	51,372	-	51,372
Total expenses	1,928,653	-	1,928,653
Change in net assets	(116,783)	8,594	(108,189)
Net assets, beginning of year	783,439	25,136	808,575
Net assets, end of year	\$ 666,656	\$ 33,730	\$ 700,386

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	-	-	-
Total revenues	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
Total expenses	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

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2023 AND 2022

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 state per capita fees (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, 2023 AND 2022

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.

Income Taxes

The Council is a tax-exempt organization that is exempt from income taxes under Section 501(c)(8) of the United States Internal Revenue Code and similar state law. The exemption is on all income except unrelated business income. An unrelated trade or business of an exempt organization is any trade or business which is not substantially related to the exercise or performance of its exempt purpose.

The Council is required to evaluate tax positions taken and recognize a tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. The Council has analyzed the tax positions taken and has concluded that as of March 31, 2023 and 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Council is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

The Council has filed its federal and state income tax returns for periods through March 31, 2022. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

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 fair value. Realized gains and losses are recorded based on the costs of the specific securities sold. Interest and dividend income are recorded when received.

OHIO STATE COUNCIL, KNIGHTS OF COLUMBUS

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2023 AND 2022

Functional Allocation of Expenses

The costs of providing the programs and services of the Council have been summarized on a functional basis in Note 7. Accordingly, certain costs have been allocated among the programs and supporting activities benefited, based on actual direct expenditures and cost allocations of indirect expenses based on time and usage by the Council. Expenses allocated include grants and awards to the Ohio Charity Foundation and certain miscellaneous expenditures. Although the methods used were appropriate, other methods could produce different results.

Date of Management's Review

Management has evaluated subsequent events through May 9, 2023, the date on which the financial statements were available to be issued.

3. LIQUIDITY AND AVAILABILITY

The Council monitors its liquidity on a daily basis so that it is 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 (state per capita fees) 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>2023</u>	<u>2022</u>
Cash	\$ 356,813	\$ 470,285
Investments, at market value	343,645	374,220
Less: donor restricted net assets	(33,730)	(25,136)
Less: board designated net assets	<u>(48,775)</u>	<u>(47,800)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 617,953</u>	<u>\$ 771,569</u>

OHIO STATE COUNCIL, KNIGHTS OF COLUMBUS

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2023 AND 2022

4. INVESTMENTS

The following table summarizes investment holdings as of March 31, 2023:

	Fair Value	Cost
Mutual funds	\$ 145,982	\$ 161,163
Common stocks	188,378	169,547
Preferred stocks	9,285	12,863
	<u>\$ 343,645</u>	<u>\$ 343,573</u>

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

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

Proceeds from sales of investments were \$1,695 and \$21,215, respectively, for the years ended March 31, 2023 and 2022. For the year ended March 31, 2023, gross losses of \$148 were realized; for the year ended March 31, 2022, gross gains of \$3,021 were realized. Interest and dividends earned on investments were \$7,824 and \$9,185 during the years ended March 31, 2023 and 2022, respectively.

5. BOARD DESIGNATED NET ASSETS

Amounts included in net assets without donor restrictions of \$48,775 and \$47,800 as of March 31, 2023 and 2022, 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.

OHIO STATE COUNCIL, KNIGHTS OF COLUMBUS

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2023 AND 2022

Net assets with donor restrictions also include purpose restricted funds to be used for disaster relief, per donor stipulations. As of March 31, 2023 and 2022, amounts restricted for this purpose were \$23,730 and \$15,136, respectively.

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, 2023 and 2022:

	2023	2022
Program services		
Grant - Charity Foundation	\$ 163,701	\$ 217,060
Council rebates	403,991	407,602
Council grants	178,872	162,618
Grants - general	256,597	166,751
Program awards	8,489	2,769
Mileage, per diem, meals, hotel	325,761	157,615
Printing and postage	5,540	18,621
Rent	5,042	5,342
Miscellaneous	56,494	38,124
Total program services	<u>1,404,487</u>	<u>1,176,502</u>
Fundraising		
Awards - Charity Foundation	125,000	75,000
Prizes	59,575	58,829
Mileage, per diem, meals, hotel	15,862	5,198
Promotion of program	3,517	2,239
Printing and postage	85,514	60,907
Ticket expense	181,364	165,855
Miscellaneous	1,962	-
Total fundraising	<u>472,794</u>	<u>368,028</u>
Management and general		
Organizational costs	25,568	55,469
Professional services	20,800	19,950
Miscellaneous	5,004	4,830
Total management and general	<u>51,372</u>	<u>80,249</u>
Total expenses	<u>\$ 1,928,653</u>	<u>\$ 1,624,779</u>

OHIO STATE COUNCIL, KNIGHTS OF COLUMBUS

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2023 AND 2022

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, 2023 and 2022, the Council's uninsured cash balances were \$154,031 and \$231,439, respectively.

9. 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, 2023 and 2022, respectively, the Council made grants to the Ohio Charity Foundation totaling \$288,701 and \$292,060.

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, 2023 and 2022.

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, 2023 and 2022 were \$178,872 and \$162,618, 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, 2023 and 2022 were \$403,991 and \$407,602, 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, 2023 and 2022 were \$183,999 and \$224,560, respectively.