

**CATHOLIC CHARITIES OF THE DIOCESE OF  
PALM BEACH, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2022 AND 2021**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Catholic Charities of the Diocese of Palm Beach, Inc.  
Palm Beach Gardens, Florida

### Report on the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Catholic Charities of the Diocese of Palm Beach, Inc. (the Organization) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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 audit. 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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.

### ***Supplementary Information***


Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information

Board of Directors  
Catholic Charities of the Diocese of Palm Beach, Inc.

directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
October 13, 2022

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
Cash and Cash Equivalents, including Restricted of \$1,146,798 and \$1,380,269 in 2022 and 2021, Respectively	\$ 2,974,097	\$ 4,408,076
Elder Affairs Fund	15,576	19,566
Grants Receivable	2,211,427	1,233,981
Property and Equipment, Net	1,397,758	1,078,790
Other Assets	77,569	30,380
Total Assets	\$ 6,676,427	\$ 6,770,793
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 297,929	\$ 279,957
Due to Agency - Elder Affairs Fund	17,945	138,201
Paycheck Protection Program Loan	-	701,950
Total Liabilities	315,874	1,120,108
<b>NET ASSETS</b>		
Without Donor Restrictions	5,213,755	4,230,908
With Donor Restrictions	1,146,798	1,419,777
Total Net Assets	6,360,553	5,650,685
Total Liabilities and Net Assets	\$ 6,676,427	\$ 6,770,793

See accompanying Notes to Financial Statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Contributions of cash and other financial assets	\$ 561,490	\$ 468,341	\$ 1,029,831
Contributions of nonfinancial assets	96,916	1,053,408	1,150,324
Bequests	1,148,457	47,804	1,196,261
United Way	-	78,842	78,842
Grants and Contracts	55,000	2,000,433	2,055,433
Program Service Fees	349,918	-	349,918
Total Public Support	2,211,781	3,648,828	5,860,609
Internal Special Events	90,808	484,823	575,631
Less: Costs of Direct Benefits to Donors	(71,405)	-	(71,405)
Total Special Events	19,403	484,823	504,226
Allocation from the Diocese	1,500,001	-	1,500,001
Interest and Dividend Income	63,723	-	63,723
Net Assets Released from Restrictions	4,406,630	(4,406,630)	-
Total Revenue and Support	8,201,538	(272,979)	7,928,559
<b>EXPENSES</b>			
Program Services	6,200,719	-	6,200,719
Central Office	735,642	-	735,642
Fundraising	282,330	-	282,330
Total Expenses	7,218,691	-	7,218,691
<b>CHANGE IN NET ASSETS</b>	982,847	(272,979)	709,868
Net Assets - Beginning of Year	4,230,908	1,419,777	5,650,685
<b>NET ASSETS - END OF YEAR</b>	\$ 5,213,755	\$ 1,146,798	\$ 6,360,553

See accompanying Notes to Financial Statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Contributions of cash and other financial assets	\$ 52,838	\$ 1,814,486	\$ 1,867,324
Contributions of nonfinancial assets	91,702	786,303	878,005
Bequests	101,886	28,405	130,291
United Way	-	74,842	74,842
Grants and Contracts	18,396	1,966,987	1,985,383
Program Service Fees	410,701	-	410,701
Total	<u>675,523</u>	<u>4,671,023</u>	<u>5,346,546</u>
Internal Special Events	251,362	333,026	584,388
Less: Costs of Direct Benefits to Donors	<u>(53,671)</u>	-	<u>(53,671)</u>
Total Special Events	197,691	333,026	530,717
Allocation from the Diocese	1,500,010	-	1,500,010
Interest and Dividend Income	138,199	-	138,199
Net Assets Released from Restrictions	4,460,719	<u>(4,460,719)</u>	<u>-</u>
Total Revenue and Support	<u>6,972,142</u>	<u>543,330</u>	<u>7,515,472</u>
<b>EXPENSES</b>			
Program Services	5,796,300	-	5,796,300
Central Office	739,544	-	739,544
Fundraising	294,560	-	294,560
Total Expenses	<u>6,830,404</u>	<u>-</u>	<u>6,830,404</u>
<b>CHANGE IN NET ASSETS</b>	141,738	543,330	685,068
Net Assets - Beginning of Year	<u>4,089,170</u>	<u>876,447</u>	<u>4,965,617</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 4,230,908</u>	<u>\$ 1,419,777</u>	<u>\$ 5,650,685</u>

See accompanying Notes to Financial Statements.



**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2022**

Program	Salaries, Taxes and Benefits	Program Costs	Client Assistance	In-Kind Donations	Professional Fees and Other Operating Expenses	Property and Equipment Expenses	Allocated Overhead	Less Expenses Netted with Revenues on Statement of Activities	2022 Total
Anti-Human trafficking	\$ 336,292	\$ 3,024	\$ 93,358	\$ 5,634	\$ 17,408	\$ 47,150	\$ 35,396	\$ -	\$ 538,262
Birthline/Lifeline	557,026	6,776	7,010	188,754	99,882	220,401	94,485	(37,546)	1,136,788
Counseling	368,082	3,173	-	-	18,809	137,136	73,878	-	601,078
Disaster Recovery	-	-	-	-	75	-	-	-	75
Elder Affairs	397,177	870	493	104	28,592	76,814	56,524	-	560,574
Hunger, Homeless Outreach	356,574	210,323	458,862	63,675	17,926	85,204	80,330	-	1,272,894
Immigration	378,824	2,945	-	-	24,547	89,644	64,506	-	560,466
Interfaith Health and Wellness	40,251	644	39,624	-	4,833	13,805	11,270	-	110,427
Parish Social Ministry	61,549	-	13,666	-	4,823	14,384	13,033	-	107,455
Prison Ministry	138,530	6,652	-	-	12,005	20,181	21,781	-	199,149
Project Rachel	-	-	-	-	-	-	-	-	-
Refugee Resettlement	82,764	1,850	27,584	7,665	1,877	39,574	30,237	-	191,551
Respect Life Ministry	67,129	551	14,012	-	3,908	14,046	13,033	-	112,679
Respite Services	22,073	-	520	-	4,058	3,731	2,509	-	32,891
Samaritan Center	454,304	44,274	10,619	2,622	28,414	157,099	98,256	(19,158)	776,430
Total Program Expense	<u>3,260,575</u>	<u>281,082</u>	<u>665,748</u>	<u>268,454</u>	<u>267,157</u>	<u>919,169</u>	<u>595,238</u>	<u>(56,704)</u>	<u>6,200,719</u>
Supporting Services									
Central Office	952,570	26,643	-	-	166,191	192,953	(602,715)	-	735,642
Fundraising	121,335	12,452	4,728	-	102,183	48,855	7,478	(14,701)	282,330
Total Support Services	<u>1,073,905</u>	<u>39,095</u>	<u>4,728</u>	<u>-</u>	<u>268,374</u>	<u>241,808</u>	<u>(595,237)</u>	<u>(14,701)</u>	<u>1,017,972</u>
Total Expenses	<u>\$ 4,334,480</u>	<u>\$ 320,177</u>	<u>\$ 670,476</u>	<u>\$ 268,454</u>	<u>\$ 535,531</u>	<u>\$ 1,160,977</u>	<u>\$ 1</u>	<u>\$ (71,405)</u>	<u>\$ 7,218,691</u>

See accompanying Notes to Financial Statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2021**

Program	Salaries, Taxes and Benefits	Program Costs	Client Assistance	In-Kind Donations	Professional Fees and Other Operating Expenses	Property and Equipment Expenses	Allocated Overhead	Less Expenses Netted with Revenues on Statement of Activities	2021 Total
Anti-Human Trafficking	\$ 309,444	\$ 2,601	\$ 50,737	\$ 5,768	\$ 18,458	\$ 84,928	\$ 30,575	\$ -	\$ 502,511
Birthline/Lifeline	416,699	1,770	5,631	211,367	24,741	180,361	70,243	-	910,812
Counseling	442,306	3,714	-	-	29,231	130,103	74,045	-	679,399
Disaster Recovery	2,431	-	-	-	900	-	-	-	3,331
Elder Affairs	379,871	273	306	-	29,407	77,918	57,759	-	545,534
Hunger, Homeless Outreach	305,019	6,187	579,037	105,576	14,057	78,532	62,245	-	1,150,653
Immigration	393,272	2,220	-	6,168	27,488	100,105	63,379	-	592,632
Interfaith Health and Wellness	50,509	-	9,412	1,450	4,671	18,130	9,376	-	93,548
Parish Social Ministry	59,950	-	4,624	-	2,949	13,076	11,843	-	92,442
Prison Ministry	129,777	5,374	4,120	1,789	9,341	20,416	19,104	-	189,921
Project Rachel	-	-	-	-	784	-	-	-	784
Refugee Resettlement	55,772	-	55,313	3,788	6,753	8,566	28,139	-	158,331
Respect Life Ministry	66,282	8,868	1,679	-	4,909	16,592	11,843	-	110,173
Respite Services	6,818	-	-	-	3,131	3,535	1,377	-	14,861
Samaritan Center	469,723	29,196	10,286	19,064	27,995	133,089	82,653	(20,638)	751,368
Total Program Expense	<u>3,087,873</u>	<u>60,203</u>	<u>721,145</u>	<u>354,970</u>	<u>204,815</u>	<u>865,351</u>	<u>522,581</u>	<u>(20,638)</u>	<u>5,796,300</u>
Supporting Services									
Central Office	895,883	36,799	16,454	-	136,508	192,684	(538,784)	-	739,544
Fundraising	144,198	5,842	45,205	1,200	96,723	18,222	16,203	(33,033)	294,560
Total Support Services	<u>1,040,081</u>	<u>42,641</u>	<u>61,659</u>	<u>1,200</u>	<u>233,231</u>	<u>210,906</u>	<u>(522,581)</u>	<u>(33,033)</u>	<u>1,034,104</u>
Total Expenses	<u>\$ 4,127,954</u>	<u>\$ 102,844</u>	<u>\$ 782,804</u>	<u>\$ 356,170</u>	<u>\$ 438,046</u>	<u>\$ 1,076,257</u>	<u>\$ -</u>	<u>\$ (53,671)</u>	<u>\$ 6,830,404</u>

See accompanying Notes to Financial Statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 709,868	\$ 685,068
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation Expense	92,781	75,203
Contribution of Property and Equipment	(362,784)	-
Gain on Disposal of Fixed Assets	-	(29,479)
Paycheck Protection Program Loan Forgiveness	(701,950)	-
(Increase) Decrease in Assets:		
Elder Affairs Fund	3,990	(1,140)
Grants Receivable	(977,446)	(1,023,957)
Trusts and Estate Receivable	-	-
Other Assets	(47,189)	5,582
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	17,972	(8,781)
Due to Agency - Elder Affairs Fund	(120,256)	120,675
Net Cash Used by Operating Activities	(1,385,014)	(176,829)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Property and Equipment	-	49,479
Purchase of Property and Equipment	(48,965)	(21,942)
Net Cash Provided (Used) by Investing Activities	(48,965)	27,537
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program Loan	-	701,950
Net Cash Provided by Financing Activities	-	701,950
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(1,433,979)	552,658
Cash and Cash Equivalents - Beginning of Year	4,408,076	3,855,418
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 2,974,097	\$ 4,408,076
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF FINANCIAL POSITION</b>		
Cash and Cash Equivalents	\$ 1,827,299	\$ 3,027,807
Cash and Cash Equivalents - Restricted	1,146,798	1,380,269
Total Cash and Cash Equivalents at Year-End	\$ 2,974,097	\$ 4,408,076
<b>SUPPLEMENTAL DISCLOSURES</b>		
Noncash Contribution of PPP Loan Forgiveness	\$ 701,950	\$ -
Noncash Contribution of Property and Equipment	362,784	-
Total Noncash Contributions	\$ 1,064,734	\$ -

See accompanying Notes to Financial Statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Nature of Operations**

Catholic Charities of the Diocese of Palm Beach, Inc. (the Organization) was incorporated on November 20, 1984, as a nonprofit corporation under Florida law. The primary sources of revenue for the Organization include contributions, grants and fees for program services. The Organization is a nonprofit, 501(c)(3) organization, which provided services to the community through the following network of programs for the years ended June 30, 2022 and 2021.

**Counseling**

Individual, marital, and group counseling.

**Outreach and Other Community**

Is the primary source of revenue and provided services through the following programs:

- Anti-Human Trafficking
- Birthline/Lifeline
- Disaster Recovery
- Hunger, Homeless, and Outreach
- Immigration Legal Services
- Interfaith Health and Wellness
- Parish Social Ministry
- Prison Ministry
- Project Rachel
- Refugee Resettlement
- Respect Life Ministry
- Respite Services
- Samaritan Center

**Elder Affairs**

Comprehensive guardianship and case management support for elderly.

**Basis of Accounting**

The financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

**Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses which are associated with a specific program or activity are charged directly to that program or activity. Indirect expenses are allocated to the various programs and activities based on a reasonable basis, such as the percentage of employees' time spent on functions.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Cash and Cash Equivalents**

Cash and cash equivalents include checking, savings, money market accounts, and petty cash. The Organization considers short-term investments with a maturity of three months or less when purchased to be cash equivalents. Restricted cash and cash equivalents, which are required to be kept in a separate bank account, are limited in use to payment of emergency financial assistance to qualifying individuals.

The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. At June 30, 2022 and 2021, the Organization had \$2,209,458 and \$3,376,841, respectively, held in cash with the Diocese of Palm Beach Savings Fund Trust, which is not FDIC insured.

**Property and Equipment**

Property, equipment, and leasehold improvements are stated at cost, net of accumulated depreciation. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Depreciation is computed based on useful lives ranging from three to thirty years. The Organization capitalizes all expenditures for property, equipment, and leasehold improvements in excess of \$500 that have estimated lives over one year. In the absence of donor-imposed restrictions at the date of donation, donated assets are recorded at their fair market value as contributions without restrictions.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the useful lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related property and equipment.

**Net Assets**

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

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*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, where the donor stipulates that resources be maintained in perpetuity.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Net Assets (Continued)**

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires, that is, when a designated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions on the statements of activities as Net Assets Released from Restrictions.

For bequests, the Organization recognizes contribution income and a receivable at the fair value of its interest in the estate once the probate court declares the will valid.

**Grant Receivables and Revenue**

Grants receivable are recorded when services have been rendered and the granting authority has been billed. If events or changes in circumstances indicate that specific receivable balances may be disallowed by the granting authority, the receivable balances are written-off as an operating expense.

A portion of the Organization's grant revenue is derived from cost-reimbursable federal grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. The Organization received cost reimbursable grants of \$17,945 that have not been recognized as of June 30, 2022, because qualifying expenditures have not yet been incurred.

**Program Service Fees**

The Organization records accounts receivable and recognizes program service fees at the time counseling services, elder affairs services, immigration services and Samaritan Center services are provided to clients.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. The organization does not believe they need an allowance for uncollectible accounts receivable as of June 30, 2022 and 2021.

**Donated Facilities, Capital Assets, Services, and Supplies**

Donated facilities, buildings, equipment, services, and other noncash donations are recorded as contributions at their fair value at the date of donation. Contributions of donated or discounted services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Donated Facilities, Capital Assets, Services, and Supplies (Continued)**

The noncash donations, included as program expenses in the accompanying financial statements, consisted of the following as of June 30:

	2022	2021	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Facilities	\$ 519,087	\$ 523,106	All Programs	Use of facilities to carry out the work of Catholic Charities	Fair value estimated on market rent analysis performed each year by licensed real estate manager
Services	30,050	28,350	Birthline Program	Volunteer time restricted to the reading of ultrasounds within the Birthline program	Fair value estimated on the basis of current rates for comparable services
Supplies	238,403	326,549	All Programs	Various tangible goods donated for specific programs	Fair value estimated on the basis of current rates for comparable products
Building	232,070	-	Birthline Program	The building is to be used for the Birthline program	Fair value estimated on the basis of Saint Lucie County, Florida Property Appraiser's most recent valuation
Vehicles	130,714	-	Birthline Program	Vans are to be used for the mobile Birthline programs	Fair value estimated on the basis of prices for recent comparable sales
Total	<u>\$ 1,150,324</u>	<u>\$ 878,005</u>			

Catholic Charities records the value of donated services when there is an objective basis available to measure the donation's value. In addition, many individuals' volunteer time and skills to perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as donated services.

**Income Tax Status**

The Organization is a nonprofit that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and, accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the years ended June 30, 2022 and 2021, the Organization did not incur interest and penalties related to tax positions. The Organization files as a tax-exempt organization, should that status be challenged in the future, all years since inception would be subject to review by the Internal Revenue Service.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**NOTE 2 ADOPTION OF ACCOUNTING PRINCIPLE – GIFTS IN KIND**

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958). The main provision of the standard is to present contributed nonfinancial assets as a separate line in the statement of activities and disclose qualitative information regarding utilization, donor-imposed restrictions, and valuation techniques of contributed nonfinancial assets. There was no impact on the Organization’s financial position and change in net assets upon adoption of the new standard.

**NOTE 3 LIQUIDITY AND AVAILABILITY**

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

	2022	2021
Cash and Cash Equivalents	\$ 2,974,097	\$ 4,408,076
Grants Receivable	2,211,427	1,233,981
Less: Net Assets with Donor Restrictions	(1,146,798)	(1,419,777)
Total	\$ 4,038,726	\$ 4,222,280

None of the 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 Organization has a goal to maintain financial assets, which consists of cash and cash equivalents and grants receivable on hand to meet 30 days of normal operating expenses, which are, on average, approximately \$700,000.



**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 4 PROPERTY AND EQUIPMENT**

The major classifications of property and equipment consist of the following:

	2022	2021
Land	\$ 248,500	\$ 248,500
Building and Building Improvements	1,453,564	1,208,257
Furniture and Equipment	718,022	633,246
Vehicles	226,864	188,698
Subtotal	2,646,950	2,278,701
Less: Accumulated Depreciation	1,249,192	1,199,911
Property and Equipment, Net	\$ 1,397,758	\$ 1,078,790

Depreciation and amortization expense was \$92,781 and \$75,203 for the years ended June 30, 2022 and 2021, respectively.

**NOTE 5 DUE TO AGENCY**

The Organization provides services to the elderly through guardianship and case management. The Organization holds funds for the elderly enrolled in the program. As of June 30, 2022 and 2021, the Organization has a due to agency balance of \$17,945 and \$18,666, respectively.

**NOTE 6 RELATED PARTY TRANSACTIONS**

**Diocese of Palm Beach**

Catholic Charities receives its charter and by-laws via the Bishop and the Diocese of Palm Beach. Catholic Charities and the Diocese have some mutual board members.

**Cash and Cash Equivalents**

The Organization has cash deposited with the Diocese of Palm Beach Savings Fund Trust (SFT) of approximately \$2,209,458 and \$3,376,841 for the years ended June 30, 2022 and 2021, respectively. The SFT serves as an internal bank for parishes, the Diocese, and Diocesan entities. The fund is not intended to compete with commercial banks, but it is a cooperative effort between parishes, the Diocese, and Diocesan entities.

**Pension**

The employees of the Organization are participants in the Diocese of Palm Beach Defined-Benefit Pension Plan and the Diocese of Palm Beach defined contribution plan under section 403(b) of the IRC.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 6 RELATED PARTY TRANSACTIONS (CONTINUED)**

**Allocation from the Diocese**

The Organization receives an allocation in the form of a subsidy from the Diocese of Palm Beach, which is reported on the statement of activities as the Allocation from the Diocese. For the years ended June 30, 2022 and 2021, the Organization received an operating subsidy of approximately \$1,500,000 and \$1,500,010, respectively.

**Transactions with Board Members**

For the years ended June 30, 2022 and 2021, the Organization received \$15,416 and \$117,610, respectively, in contributions from board members. The Organization also incurred expenses for the years ended June 30, 2022 and 2021 of \$23,664 and \$27,614, respectively, with businesses for which board members work for during the years.

**NOTE 7 EMPLOYEE BENEFIT PLANS**

The Organization participates in the Pension Plan for Lay Employees and Sisters and Brothers within the Diocese of Palm Beach which is a defined-benefit plan and participates in The Diocese of Palm Beach, Inc. 403(b) Plan which is a defined contribution plan sponsored by the Diocese. Employees must meet certain eligibility requirements to participate in the plans. Since the computed value of vested benefits and plan assets for employees of the Organization cannot be segregated from those of other entities participating in the Plan, it is not possible to determine that portion of the excess or deficit, if any, which may be attributable to the Organization.

The defined-benefit plan is a noncontributory benefit plan. The Organization recognized as net pension cost the required contribution for the period. However, as of July 1, 2012, the accrual of benefits for all lay employees of the Organization has ceased and such benefits have been frozen.

The defined contribution plan commenced on January 1, 2002. The defined contribution plan provides for employee contributions up to a certain specified limit. The Organization contributed up to 5% of the employees' salary and with an additional matching of a maximum of 2% of the employees' elective deferrals into the 403(b) Plan.

The Organization's participation in the plans for the year ended June 30, 2022 is outlined in the table below. The EIN column provides the Employer Identification Number. The most recent Pension Protection Act (PPA) zone status in 2021 is for the plan's previous year-end Form 5500 filing. The zone status is based on information that the Plan received from the pension plans and is certified by the pension plans' actuaries. Among other factors, plans in the red zone (critical status) are generally less than 65% funded. Plans in the yellow zone (endangered status) are (1) less than 80% funded or (2) the plan has an accumulated funding deficiency (the credit balance has been exhausted) in the current plan year or is expected to have a deficiency in any of the next six plan years (taking into consideration any amortization extensions).

Plans in the orange zone (seriously endangered status) have met both yellow zone conditions. Plans in the green zone are at least 80% funded.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 7 EMPLOYEE BENEFIT PLANS (CONTINUED)**

The “FIP/RP Status Pending/Implemented” column indicates plans for which a funding improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration dates of the Collective Bargaining Agreement (CBA) to which the plan is subject.

The Diocese of Palm Beach was not required to file Form 5500.

Name of Pension Fund	EIN	Plan Number (If, Available)	Pension Protection Act Zone Status	FIP/RP Status Pending/ Implemented
Pension Plan for Lay Employees and Sisters and Brothers within the Diocese of Palm Beach	59-2438903	N/A	N/A	N/A
The Diocese of Palm Beach, Inc. 403(b) Plan	65-0926368	TA069778 00001	N/A	N/A
	2022 Contributions	2021 Contributions	Surcharge Imposed	Expiration of CBA
Pension Plan for Lay Employees and Sisters and Brothers within the Diocese of Palm Beach	\$ 82,511	\$ 83,131	No	N/A
The Diocese of Palm Beach, Inc. 403(b) Plan	199,103	190,495	No	N/A
Total	<u>\$ 281,615</u>	<u>\$ 273,626</u>		

**NOTE 8 COMMITMENTS AND CONTINGENCIES**

**Support from Outside Agencies**

Financial awards from federal, state, and local government entities in the form of grants are subject to audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined. However, management is of the opinion that no material liability will result from such audits.

**Revenue Recognition**

The Organization’s operations are substantially dependent on the receipt of funding from the Diocese of Palm Beach. Loss of these funds and/or large decreases in this type of funding may have a material effect on the Organization and a negative impact on overall operations.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 8 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Rent and Leases**

The Organization leases office space and equipment under various operating leases. Rental expense was \$564,829, including \$519,087 in contributed facilities for the year ended June 30, 2022. Rental expense was \$579,283, including \$528,333 in contributed facilities for the year ended June 30, 2021.

Future minimum payments under noncancelable office space and equipment leases at June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 62,090
2024	60,266
2025	54,278
2026	15,978
Total	<u>\$ 192,612</u>

**NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS**

Net asset with donor restrictions are restricted for the following programs as of June 30:

	<u>2022</u>	<u>2021</u>
Purpose Restrictions:		
Elder Affairs	\$ -	\$ 35,229
Outreach	918,712	682,753
Other Projects	228,086	701,795
Total	<u>\$ 1,146,798</u>	<u>\$ 1,419,777</u>

**NOTE 10 CONCENTRATIONS OF RISK**

The Organization's operations are substantially dependent on the receipt of funding from the Diocese of Palm Beach. Loss of these funds and/or large decreases in this type of funding may have a material effect on the Organization and a negative impact on overall operations.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 11 PAYCHECK PROTECTION PROGRAM**

In April 2020, the Organization received a \$838,000 Paycheck Protection Program (PPP) Loan granted by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The loan bears interest at 1% per annum and is unsecured. The Organization recorded this loan as a conditional contribution for accounting purposes. As of June 30, 2020, the Organization represented they had satisfied the performance barrier attributable to all the PPP loan proceeds. As a result, the Organization recognized \$838,000 of government contribution revenue during the year ended June 30, 2020. This loan was forgiven by the SBA in December 2020.

In March 2021, the Organization received a second PPP Loan for \$701,950 granted by the SBA under the CARES Act. The PPP loan may be forgiven by the U.S. Small Business Administration (SBA) as subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. As of June 30, 2021, the Organization represented that they had not yet satisfied the performance barriers attributable to all of the PPP loan proceeds. Therefore, the Organization had classified this loan as a refundable advance. The SBA has not formally forgiven any portion of the Organization's obligation under this PPP loan as of June 30, 2021. As of June 30, 2022, the Organization represented they had satisfied the performance barrier attributable to all of the PPP loan proceeds. As a result, the Organization recognized \$701,950 of government contribution revenue during the year ended June 30, 2022. This loan was forgiven by the SBA in October 2021.

**NOTE 12 SUBSEQUENT EVENTS**

During the year on December 17, 2021, the Bylaws of Catholic Charities Foundation of the Diocese of Palm Beach, Inc. (the Foundation) were adopted. As of June 30, 2022, \$508,197 of the restricted cash balance relates to the initial funding planned for the Foundation. As of the report date, no activity has occurred with the Foundation and therefore consolidated financial statements are not needed.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Catholic Charities of the Diocese of Palm Beach, Inc.  
Palm Beach Gardens, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Catholic Charities of the Diocese of Palm Beach, Inc., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, statement of functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 13, 2022.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Catholic Charities of the Diocese of Palm Beach, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Catholic Charities of the Diocese of Palm Beach, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Catholic Charities of the Diocese of Palm Beach, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be significant deficiencies.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Catholic Charities of the Diocese of Palm Beach, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Catholic Charities of the Diocese of Palm Beach, Inc.'s Response to Findings**

Catholic Charities of the Diocese of Palm Beach, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Catholic Charities of the Diocese of Palm Beach, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
October 13, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND  
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Catholic Charities of the Diocese of Palm Beach, Inc.  
Palm Beach Gardens, Florida

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Catholic Charities of the Diocese of Palm Beach, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Catholic Charities of the Diocese of Palm Beach, Inc.'s major federal programs for the year ended June 30, 2022. Catholic Charities of the Diocese of Palm Beach, Inc.'s major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Catholic Charities of the Diocese of Palm Beach, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of Catholic Charities of the Diocese of Palm Beach, Inc.'s and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Catholic Charities of the Diocese of Palm Beach, Inc.'s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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



### ***Auditors' Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Catholic Charities of the Diocese of Palm Beach, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Catholic Charities of the Diocese of Palm Beach, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Catholic Charities of the Diocese of Palm Beach, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

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

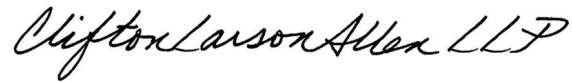
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Board of Directors  
Catholic Charities of the Diocese of Palm Beach, Inc.

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

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

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



**CliftonLarsonAllen LLP**

Lakeland, Florida  
October 13, 2022

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Entity Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
<b>FEDERAL AWARDS</b>			
<b>Direct Awards</b>			
<b>Department of Justice</b>			
Services for Trafficking Victims	16.320	2020 - VT-BX-0024	\$ 122,968
<i>Indirect Awards:</i>			
<i>Pass-through Palm Beach County Victim Services:</i>			
Services for Trafficking Victims	16.320	2019-VT-BX-K029	103,832
Total Assistance Listing Number 16.320			<u>226,800</u>
<i>Indirect Awards:</i>			
<i>Pass-through Palm Beach County:</i>			
Legal Assistance for Victims	16.524	2017-WE-AX-0034	1,000
<i>Pass-through Fla Attorney General</i>			
Crime Victim Assistance	16.575	VOCA-VD718	18,295
Crime Victim Assistance	16.575	VOCA-2020-Catholic Charities of the -00722	26,347
Total Department of Justice			<u>272,442</u>
<b>U.S. Department of Home and Urban Development</b>			
<i>Indirect Awards:</i>			
<i>Pass-through Palm Beach County:</i>			
COVID-19: ESG	14.231	59-2470479	57,785
Total Department of Home and Urban Development			<u>57,785</u>
<b>U.S. Department of Health and Human Services</b>			
<i>Pass-through Palm Beach County:</i>			
Homeless Challenge Grant	93.558	TANF 2021-2022	124,000
Total TANF Cluster			<u>124,000</u>
<i>Pass-through U.S. Conference of Catholic Bishops:</i>			
Refugee and Entrant Assistance Voluntary Agency Programs	93.567	90RV0070-02	59,019
<i>Pass-through U.S. Conference of Catholic Bishops:</i>			
Trafficking Victim Assistance Program	93.598	2018-ACF-IOAS-OTIP-ZV-1369	47,027
<i>Pass-through DCF - SEFBHN:</i>			
Community Mental Health Services	93.665	LNF01	123,865
Total U.S. Department of Health and Human Services			<u>353,911</u>
<b>Corporation for National and Community Service</b>			
<i>Indirect Awards:</i>			
<i>Pass-through - Corporation for National and Community Service AmeriCorps:</i>			
Retired and Senior Volunteer Program	94.002	2021-OPE1-P74-OPO-26000-4101	39,315
Total Corporation for National and Community Service			<u>39,315</u>
<b>U.S. Department of Homeland Security</b>			
<i>Indirect Awards:</i>			
<i>Pass-through United Way Palm Beach County:</i>			
Emergency Food and Shelter National Board-phase 38	97.024	168600-002	103,482
Emergency Food and Shelter National Board-phase 39	97.024	168600-002	14,815
COVID-19:Emergency Food and Shelter National Board	97.024	168600-002	925
Total Assistance Listing Number 97.024			<u>119,222</u>
Total U.S. Department of Homeland Security			<u>119,222</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 842,675</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Catholic Charities of the Diocese of Palm Beach, Inc. under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of Catholic Charities of the Diocese of Palm Beach, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Catholic Charities of the Diocese of Palm Beach, Inc.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Catholic Charities of the Diocese of Palm Beach, Inc. has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022**

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**Section I – Summary of Auditors’ Results**

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***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ no
  - Significant deficiency(ies) identified? \_\_\_\_\_ x \_\_\_\_\_ yes \_\_\_\_\_ none  
reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ no

***Federal Awards***

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ no

***Identification of Major Federal Programs***

<b>Assistance Listing Number(s)</b>	<b>Name of Federal Program or Cluster</b>
<b>16.320</b>	<b>Services for Trafficking Victims</b>

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ x \_\_\_\_\_ yes \_\_\_\_\_ no

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022**

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**Section II – Financial Statement Findings**

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**2022 – 001-Audit Adjustments**

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

**Condition:** During our audit of the financial statements as of the year ended June 30, 2022, we noted reporting errors which required correction in the financial statements as follows:

- There was an instance where the organization did not appropriately link the receipt of money to its related old bequest accounts receivable balance. This resulted in revenue of \$25,000 being inaccurately recorded in the current year and therefore a reversal was required.
- There were instances where the organization recorded program revenue upon receipt rather than when earned. There was \$24,116 of Elder Affairs earned revenue that had not been recorded until its subsequent receipt in July 2022. As such, the correction to include in accounts receivable and revenue as of June 30, 2022, was needed.
- The contributed facilities revenue and related rent expense for the month of June 2022 was missing from the general ledger which resulted in an understatement of \$40,359 in revenue and expense, respectively. The net effect was \$0 however, all twelve months of activity should be included in the financial statements.

**Criteria or specific requirement:** Catholic Charities of the Diocese of Palm Beach, Inc.'s management is responsible for establishing and maintaining internal controls to ensure that transactions are properly recorded and reported in the financial statements in accordance with accounting principles generally accepted in the United States of American (GAAP).

**Effect:** Inaccurately recording financial transactions may result in the misstatement of the Organization's financial statements.

**Cause:** These conditions vary in cause. The inaccurate recording of the bequest receipt is a result of infrequent review of the outstanding accounts receivables. The inaccurate recording of the program fee revenue is largely a result of infrequent billing. Finally, the missing recording of a monthly contributed facilities revenue and rent expense is a result of compromised month-end reporting processes.

**Repeat Finding:** No

**Recommendation:** We recommend the Organization review its current processes for transactions impacted by the errors discussed above and implement additional internal control procedures to ensure financial transactions are accurately reported in the general ledger and the financial statements.

**Views of responsible officials and planned corrective actions:** No disagreement.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022**

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**Section III – Findings and Questioned Costs – Major Federal Programs**

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**Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).**