

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

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2018 AND 2017**

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

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 statement of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

***Opinion***

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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Lakeland, Florida  
September 27, 2018

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2018 AND 2017**

	2018	2017
<b>ASSETS</b>		
Cash and Cash Equivalents, including Partially Restricted of \$1,613,564 and \$1,436,133 in 2018 and 2017, Respectively	\$ 4,167,069	\$ 3,042,261
Elder Affairs Fund	14,171	84,390
Grants Receivable	195,911	182,826
Trusts and Estate Receivable	730,452	1,526,293
Property and Equipment, Net	1,266,505	1,271,762
Other Assets	42,010	26,123
Total Assets	\$ 6,416,118	\$ 6,133,655
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 238,279	\$ 273,995
Due to Agency - Elder Affairs Fund	14,171	84,390
Total Liabilities	252,450	358,385
<b>NET ASSETS</b>		
Unrestricted	4,550,104	4,339,137
Temporarily Restricted	1,613,564	1,436,133
Total Net Assets	6,163,668	5,775,270
Total Liabilities and Net Assets	\$ 6,416,118	\$ 6,133,655

See accompanying Notes to Financial Statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2018**

	2018		
	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>			
Contributions	\$ 116,814	\$ 935,316	\$ 1,052,130
Bequests	721,358	423,948	1,145,306
United Way	-	219,852	219,852
Contributed Facilities and Services	105,802	739,712	845,514
Grants and Contracts	-	1,166,851	1,166,851
Program Service Fees	569,104	-	569,104
Total Public Support	<u>1,513,078</u>	<u>3,485,679</u>	<u>4,998,757</u>
Internal Special Events	313,384	590,063	903,447
Less Costs of Direct Benefits to Donors	(95,130)	-	(95,130)
Total Special Events	<u>218,254</u>	<u>590,063</u>	<u>808,317</u>
Allocation from the Diocese	1,500,000	-	1,500,000
Interest and Dividend Income	81,573	-	81,573
Net Assets Released from Restrictions	<u>3,898,311</u>	<u>(3,898,311)</u>	<u>-</u>
Total Revenue and Support	<u>7,211,216</u>	<u>177,431</u>	<u>7,388,647</u>
<b>EXPENSES</b>			
Program Services:			
Counseling	689,102	-	689,102
Pregnancy Care Center	875,968	-	875,968
Shelters and Residences	887,185	-	887,185
Outreach and Other Community	3,105,552	-	3,105,552
Elder Affairs	588,719	-	588,719
Total Program Services	<u>6,146,526</u>	<u>-</u>	<u>6,146,526</u>
Supporting Services:			
Central Office	563,045	-	563,045
Fundraising	290,678	-	290,678
Total Supporting Services	<u>853,723</u>	<u>-</u>	<u>853,723</u>
Total Expenses	<u>7,000,249</u>	<u>-</u>	<u>7,000,249</u>
<b>CHANGE IN NET ASSETS</b>	210,967	177,431	388,398
Net Assets - Beginning of Year	<u>4,339,137</u>	<u>1,436,133</u>	<u>5,775,270</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 4,550,104</u>	<u>\$ 1,613,564</u>	<u>\$ 6,163,668</u>

See accompanying Notes to Financial Statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2017**

	2017		
	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>			
Contributions	\$ 352,811	\$ 528,261	\$ 881,072
Bequests	1,328,009	15,130	1,343,139
United Way	-	126,393	126,393
Contributed Facilities and Services	160,220	794,494	954,714
Grants and Contracts	-	1,465,068	1,465,068
Program Service Fees	646,443	-	646,443
Total	<u>2,487,483</u>	<u>2,929,346</u>	<u>5,416,829</u>
Internal Special Events	377,605	572,836	950,441
Less Costs of Direct Benefits to Donors	(118,664)	-	(118,664)
Total Special Events	<u>258,941</u>	<u>572,836</u>	<u>831,777</u>
Allocation from the Diocese	1,400,000	-	1,400,000
Interest and Dividend Income	47,150	-	47,150
Net Assets Released from Restrictions	<u>3,510,578</u>	<u>(3,510,578)</u>	<u>-</u>
Total Revenue and Support	<u>7,704,152</u>	<u>(8,396)</u>	<u>7,695,756</u>
<b>EXPENSES</b>			
Program Services:			
Counseling	661,768	-	661,768
Pregnancy Care Center	939,142	-	939,142
Shelters and Residences	843,053	-	843,053
Outreach and Other Community	2,886,286	-	2,886,286
Elder Affairs	564,551	-	564,551
Total Program Services	<u>5,894,800</u>	<u>-</u>	<u>5,894,800</u>
Supporting Services:			
Central Office	429,175	-	429,175
Fundraising	334,715	-	334,715
Total Supporting Services	<u>763,890</u>	<u>-</u>	<u>763,890</u>
Total Expenses	<u>6,658,690</u>	<u>-</u>	<u>6,658,690</u>
<b>CHANGE IN NET ASSETS</b>	1,045,462	(8,396)	1,037,066
Net Assets - Beginning of Year, as Previously Stated	<u>3,253,371</u>	<u>1,282,333</u>	<u>4,535,704</u>
Prior Period Adjustment	40,304	162,196	202,500
Net Assets - Beginning of Year, as Restated	<u>3,293,675</u>	<u>1,444,529</u>	<u>4,738,204</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 4,339,137</u>	<u>\$ 1,436,133</u>	<u>\$ 5,775,270</u>

See accompanying Notes to Financial Statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2018**

	Program					Total Program Expense	Supporting Services		Total Supporting Services	Total Expenses
	Counseling	Pregnancy Care Centers	Shelters and Residences	Outreach & Other Community	Elder Affairs		Central Office	Fundraising		
Personnel Expenses:										
Salaries and Payroll Taxes	\$ 383,164	\$ 309,852	\$ 358,349	\$ 1,269,371	\$ 316,370	\$ 2,637,106	\$ 745,775	\$ 108,252	\$ 854,027	\$ 3,491,133
Pension and Health Insurance Benefits	97,968	81,834	118,431	354,079	90,073	742,385	172,977	30,732	203,709	946,094
Total Personnel Expenses	481,132	391,686	476,780	1,623,450	406,443	3,379,491	918,752	138,984	1,057,736	4,437,227
Specific Assistance	208	32,738	9,750	518,520	-	561,216	-	-	-	561,216
Other Assistance	-	168,122	43,802	96,219	-	308,143	-	38,171	38,171	346,314
Dues, Licenses, Permits, and Fees	45	67	565	3,049	821	4,547	25,109	825	25,934	30,481
Professional Fees	9,963	10,950	11,940	39,337	6,992	79,182	58,976	1,055	60,031	139,213
Insurance	2,841	12,587	10,267	20,609	4,694	50,998	7,018	-	7,018	58,016
Office and Other Expenses	3,919	6,192	40,653	32,507	5,482	88,753	28,814	17,205	46,019	134,772
Postage and Printing	1,903	2,448	2,104	11,462	3,675	21,592	3,259	474	3,733	25,325
Rent	52,369	49,545	95,289	212,257	50,463	459,923	68,633	-	68,633	528,556
Supplies	-	2,262	4,186	4,565	415	11,428	127	-	127	11,555
Telephone	11,219	7,884	6,097	16,258	4,656	46,114	4,315	-	4,315	50,429
Travel, Training, and Conferences	8,177	1,347	1,851	47,830	6,602	65,807	13,071	75	13,146	78,953
Utilities	7,273	15,053	25,530	29,902	6,530	84,288	4,353	-	4,353	88,641
Repairs and Maintenance	15,489	42,747	30,995	90,841	14,896	194,968	65,563	698	66,261	261,229
Depreciation	4,174	33,600	20,127	21,034	2,675	81,610	37,854	-	37,854	119,464
Management Fee	79,195	83,678	89,495	333,584	71,525	657,477	(672,799)	15,322	(657,477)	-
Special Event Expense	17,367	25,833	26,874	8,153	6,322	84,549	-	139,439	139,439	223,988
Total Expenses	<u>\$ 695,274</u>	<u>\$ 886,739</u>	<u>\$ 896,305</u>	<u>\$ 3,109,577</u>	<u>\$ 592,191</u>	<u>\$ 6,180,086</u>	<u>\$ 563,045</u>	<u>\$ 352,248</u>	<u>\$ 915,293</u>	<u>\$ 7,095,379</u>
Less: Expenses Netted Against Revenues on the Statement of Activities	<u>(6,172)</u>	<u>(10,771)</u>	<u>(9,120)</u>	<u>(4,025)</u>	<u>(3,472)</u>	<u>(33,560)</u>	<u>-</u>	<u>(61,570)</u>	<u>(61,570)</u>	<u>(95,130)</u>
Total Expenses Included on Statement of Activities	<u>\$ 689,102</u>	<u>\$ 875,968</u>	<u>\$ 887,185</u>	<u>\$ 3,105,552</u>	<u>\$ 588,719</u>	<u>\$ 6,146,526</u>	<u>\$ 563,045</u>	<u>\$ 290,678</u>	<u>\$ 853,723</u>	<u>\$ 7,000,249</u>

See accompanying Notes to Financial Statements.



**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2017**

	Program					Total Program Expense	Supporting Services		Total Supporting Services	Total Expenses
	Counseling	Pregancy Care Centers	Shelters and Residences	Outreach & Other Community	Elder Affairs		Central Office	Fundraising		
Personnel Expenses:										
Salaries and Payroll Taxes	\$ 385,544	\$ 322,071	\$ 323,036	\$ 1,124,777	\$ 323,964	\$ 2,479,392	\$ 630,953	\$ 108,891	\$ 739,844	\$ 3,219,236
Pension and Health Insurance Benefits	85,906	79,936	102,625	295,167	85,913	649,547	141,464	29,025	170,489	820,036
Total Personnel Expenses	<u>471,450</u>	<u>402,007</u>	<u>425,661</u>	<u>1,419,944</u>	<u>409,877</u>	<u>3,128,939</u>	<u>772,417</u>	<u>137,916</u>	<u>910,333</u>	<u>4,039,272</u>
Specific Assistance	-	87,457	17,156	536,836	-	641,449	102	8,553	8,655	650,104
Other Assistance	1,599	147,256	47,682	113,944	-	310,481	-	83,174	83,174	393,655
Dues, Licenses, Permits, and Fees	9	73	668	2,541	934	4,225	18,996	455	19,451	23,676
Professional Fees	20,205	14,240	10,753	46,576	8,212	99,986	18,773	8,448	27,221	127,207
Insurance	2,655	12,562	10,953	23,444	5,420	55,034	8,138	241	8,379	63,413
Office and Other Expenses	4,570	6,373	46,487	45,509	4,360	107,299	22,450	18,383	40,833	148,132
Postage and Printing	1,060	3,135	2,317	12,061	3,572	22,145	7,555	686	8,241	30,386
Rent	51,979	47,298	95,694	206,204	49,684	450,859	77,291	-	77,291	528,150
Supplies	123	3,156	6,341	4,312	1,157	15,089	-	297	297	15,386
Telephone	11,484	6,323	6,157	14,158	3,416	41,538	4,114	320	4,434	45,972
Travel, Training, and Conferences	7,262	898	3,180	35,490	8,131	54,961	9,024	53	9,077	64,038
Utilities	7,652	15,066	24,459	30,414	6,571	84,162	4,295	-	4,295	88,457
Interest Expense	-	-	-	-	-	-	11,092	-	11,092	11,092
Repairs and Maintenance	17,725	38,910	28,531	72,202	18,164	175,532	41,175	80	41,255	216,787
Depreciation	4,611	35,689	18,950	24,066	3,338	86,654	39,578	-	39,578	126,232
Management Fee	58,712	103,152	88,501	295,334	38,827	584,526	(605,825)	21,299	(584,526)	-
Special Event Expense	5,009	32,348	18,683	5,786	5,411	67,237	-	138,158	138,158	205,395
<b>Total Expenses</b>	<u><u>\$ 666,105</u></u>	<u><u>\$ 955,943</u></u>	<u><u>\$ 852,173</u></u>	<u><u>\$ 2,888,821</u></u>	<u><u>\$ 567,074</u></u>	<u><u>\$ 5,930,116</u></u>	<u><u>\$ 429,175</u></u>	<u><u>\$ 418,063</u></u>	<u><u>\$ 847,238</u></u>	<u><u>\$ 6,777,354</u></u>
Less: Expenses Netted Against Revenues on the Statement of Activities	<u>(4,337)</u>	<u>(16,801)</u>	<u>(9,120)</u>	<u>(2,535)</u>	<u>(2,523)</u>	<u>(35,316)</u>	<u>-</u>	<u>(83,348)</u>	<u>(83,348)</u>	<u>(118,664)</u>
<b>Total Expenses Included on Statement of Activities</b>	<u><u>\$ 661,768</u></u>	<u><u>\$ 939,142</u></u>	<u><u>\$ 843,053</u></u>	<u><u>\$ 2,886,286</u></u>	<u><u>\$ 564,551</u></u>	<u><u>\$ 5,894,800</u></u>	<u><u>\$ 429,175</u></u>	<u><u>\$ 334,715</u></u>	<u><u>\$ 763,890</u></u>	<u><u>\$ 6,658,690</u></u>

See accompanying Notes to Financial Statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 388,398	\$ 1,037,066
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Depreciation Expense	119,464	126,232
Forgiveness of Debt	-	(206,459)
(Increase) Decrease in Assets:		
Elder Affairs Fund	70,219	(45,263)
Grants Receivable	(13,085)	35,753
Trusts and Estate Receivable	795,841	(1,323,793)
Other Assets	(15,887)	5,310
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(35,716)	86,774
Due to Agency	(70,219)	45,263
Deferred Revenue	-	(8,333)
Net Cash Provided (Used) by Operating Activities	1,239,015	(247,450)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(114,207)	(123,694)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of Principal on Debt Obligation to Diocese	-	(148,908)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,124,808	(520,052)
Cash and Cash Equivalents - Beginning of Year	3,042,261	3,562,313
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 4,167,069	\$ 3,042,261
<b>SUPPLEMENTAL DISCLOSURE</b>		
Interest Paid During the Year	\$ -	\$ 11,092

See accompanying Notes to Financial Statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017**

**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, 2018 and 2017 :

**Counseling**

Individual, marital, and group counseling.

**Pregnancy Care Centers**

Pregnancy support, education, and adoption services.

**Shelters and Residences**

Long term transitional resident facility for homeless families in Vero Beach.

**Outreach and Other Community**

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

- Hunger, Homeless and Outreach
- Immigration Legal Services
- Faith Community Nursing
- Prison Ministry
- Parish Social Ministry
- Respect Life
- Disaster Recovery
- Anti-Human Trafficking
- Project Rachel
- Refugee Resettlement
- Respite Care

**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.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

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

**Financial Statement Presentation**

The Organization prepares its financial statements in accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC). The Organization is required to report information regarding its financial position and activities according to three classes of net assets. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are neither permanently nor temporarily restricted by donor-imposed stipulations. Generally, operating revenues and expenses have been recorded in the Unrestricted Fund.

Temporarily Restricted Net Assets – Net assets that result from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be removed by actions of the organization pursuant to those stipulations.

Permanently Restricted Net Assets – Net assets that result from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the organization. There were no permanently restricted amounts at year-end.

**Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. 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.

**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, 2018 and 2017, the Organization had \$3,966,776 and \$2,995,183, respectively, held in cash with the Diocese of Palm Beach Savings Fund Trust, which is not FDIC insured.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

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

**Grants Receivable**

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.

**Trusts and Estate Receivable**

Trusts and Estate Receivable consists of amounts willed to the Organization. The balance of this account is expected to be collectible within a year.

**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 \$5,000 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 unrestricted contributions.

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.

**Revenue Recognition**

All contributions are considered to be available for unrestricted 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 temporarily restricted or permanently restricted support that increases those net asset classes. When a donor restriction expires, that is, when a designated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets 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.

Facilities and services furnished to the programs are recorded as Contributed Facilities and Services in the accompanying statement of activities based on the amount estimated by the Organization for rent that would be incurred for similar facilities in an arms-length lease transaction.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

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

**Revenue Recognition (continued)**

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, 2018.

**Contributed Facilities and Services**

Contributed services are recognized if the services received either create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated assets, materials and service revenues received were valued at \$845,514 and \$954,714 for the years ended June 30, 2018 and 2017, respectively, have been reported as support in the accompanying financial statements for operating purposes.

A substantial number of volunteers have donated significant amounts of their time in the Organization's program services that are not reflected in the accompanying financial statements. These volunteer services had an estimated value of approximately \$276,717 and \$364,724 for the years ended June 30, 2018 and 2017, respectively.

**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 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, 2018 and 2017, 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 IRS.

**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.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017**

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

**Subsequent Events**

The Organization has evaluated subsequent events through September 27, 2018, which is the date the financial statements were available to be issued.

**NOTE 2 PROPERTY AND EQUIPMENT**

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

	2018	2017
Land	268,500	\$ 268,500
CIP	-	32,816
Building and Building Improvements	1,183,398	1,079,264
Furniture and Equipment	581,937	539,046
Vehicles	136,965	136,965
Subtotal	2,170,800	2,056,591
Less: Accumulated Depreciation	904,295	784,829
Property and Equipment, Net	\$ 1,266,505	\$ 1,271,762

Depreciation and amortization expense was \$119,464 and \$126,232 for the years ended June 30, 2018 and 2017, respectively.

**NOTE 3 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, 2018 and 2017, the Organization has a due to agency balance of \$14,171 and \$84,390, respectively.

**NOTE 4 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**

The Organization has cash deposited with the Diocese of Palm Beach Savings Fund Trust (SFT) of approximately \$3,966,776 and \$2,995,183 for the years ended June 30, 2018 and 2017. 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.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

**NOTE 4 RELATED PARTY TRANSACTIONS (CONTINUED)**

**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.

**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, 2018 and 2017, the Organization received an operating subsidy of approximately \$1,500,000 and \$1,400,000.

**NOTE 5 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, 2018 is outlined in the table below. The EIN column provides the Employer Identification Number. The most recent Pension Protection Act (PPA) zone status in 2017 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 percent funded. Plans in the yellow zone (endangered status) are (1) less than 80 percent 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).



**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

**NOTE 5 EMPLOYEE BENEFIT PLANS (CONTINUED)**

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

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
	<u>2018 Contributions</u>	<u>2017 Contributions</u>	<u>Surcharge Imposed</u>	<u>Expiration of CBA</u>
Pension Plan for Lay Employees and Sisters and Brothers within the Diocese of Palm Beach	\$ 80,119	\$ 83,662	No	N/A
The Diocese of Palm Beach, Inc. 403(b) Plan	<u>206,176</u>	<u>186,206</u>	No	N/A
	<u>\$ 286,295</u>	<u>\$ 269,868</u>		

**NOTE 6 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.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017**

**NOTE 6 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Debt Obligation**

The Organization has guaranteed a mortgage note payable dated June 22, 2004, for \$1,114,709 on behalf of Villa Seton, Inc., a Florida nonprofit corporation and a related party. The note, which is payable to Florida Housing Finance Corporation (through the HOME loan program) bears a zero percent interest rate and is due in full on July 1, 2044. The Organization would be obligated to perform under this guarantee if Villa Seton, Inc. failed to pay principal to the lender when due. Management does not believe this represents a significant risk. The balance of the loan, net of unamortized interest rate discount of \$896,637, was \$218,072 for the year ended June 30, 2018.

**Rent and Leases**

The Organization leases office space and equipment under various operating leases. Rental expense was \$528,556, including \$481,811 in contributed facilities for the year ended June 30, 2018. Rental expense was \$528,150, including \$481,453 in contributed facilities for the year ended June 30, 2017.

Future minimum payments under non-cancelable office space and equipment leases at June 30, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 44,820
2020	44,820
2021	37,939
2022	33,024
2023	33,024
Thereafter	74,304
Total	<u>\$ 267,931</u>

**NOTE 7 TEMPORARILY RESTRICTED NET ASSETS**

Unexpended temporarily restricted net assets are restricted for the following programs as of June 30:

	<u>2018</u>	<u>2017</u>
Elder Affairs	\$ 658,897	\$ 782,711
Outreach	556,811	414,249
Other Capital Projects	397,856	239,173
Total	<u>\$ 1,613,564</u>	<u>\$ 1,436,133</u>