

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

**CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2023 AND 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2023 AND 2022

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	4
CONSOLIDATED STATEMENTS OF ACTIVITIES	5
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES	7
CONSOLIDATED STATEMENTS OF CASH FLOWS	9
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	10
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 <i>GOVERNMENT AUDITING STANDARDS</i>	21
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	23
SUPPLEMENTARY INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	26
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	27
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	28



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Catholic Charities of the Diocese of Palm Beach, Inc. (the Organization) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. We have also audited the accompanying statement financial of position of Catholic Charities of the Diocese of Palm Beach, Inc. as of June 30, 2022 and the related statements of activities, functional expenses and cash flows for the year ended June 30, 2022, and the related notes to the financial statements.

In our opinion, the 2023 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization, as of June 30, 2023, 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. Also in our opinion, the 2022 financial statements 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 27, 2023, 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 27, 2023

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS	<u>2023</u> (Consolidated)	<u>2022</u>
Cash and Cash Equivalents, including Restricted of \$1,085,905 and \$1,146,798 in 2023 and 2022, Respectively	\$ 3,580,046	\$ 2,974,097
Elder Affairs Fund	10,545	15,576
Investments	536,385	-
Grants Receivable	749,195	2,211,427
Property and Equipment, Net	1,428,269	1,397,758
Operating Lease Right-of-Use Assets, Net	104,573	-
Other Assets	<u>126,742</u>	<u>77,569</u>
Total Assets	<u><u>\$ 6,535,755</u></u>	<u><u>\$ 6,676,427</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 335,771	\$ 297,929
Due to Agency - Elder Affairs Fund	6,084	17,945
Operating Lease Obligation	<u>106,179</u>	<u>-</u>
Total Liabilities	448,034	315,874
NET ASSETS		
Without Donor Restrictions	5,001,817	5,213,755
With Donor Restrictions	<u>1,085,904</u>	<u>1,146,798</u>
Total Net Assets	<u>6,087,721</u>	<u>6,360,553</u>
Total Liabilities and Net Assets	<u><u>\$ 6,535,755</u></u>	<u><u>\$ 6,676,427</u></u>

See accompanying Notes to Financial Statements.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions of Cash and Other Financial Assets	\$ 99,690	\$ 1,379,728	\$ 1,479,418
Contributions of Nonfinancial Assets	129,749	765,335	895,084
Bequests	524,974	214,706	739,680
United Way	-	67,000	67,000
Grants and Contracts	15,000	1,781,882	1,796,882
Program Service Fees	488,085	-	488,085
Total Public Support	<u>1,257,498</u>	<u>4,208,651</u>	<u>5,466,149</u>
Internal Special Events	553,163	410,318	963,481
Less: Costs of Direct Benefits to Donors	(95,829)	-	(95,829)
Total Special Events	<u>457,334</u>	<u>410,318</u>	<u>867,652</u>
Allocation from the Diocese	1,500,000	-	1,500,000
Interest and Dividend Income	62,503	-	62,503
Investment Earnings	22,325	-	22,325
Net Assets Released from Restrictions	4,679,863	(4,679,863)	-
Total Revenue and Support	<u>7,979,523</u>	<u>(60,894)</u>	<u>7,918,629</u>
EXPENSES			
Program Services	6,754,839	-	6,754,839
Central Office	812,354	-	812,354
Fundraising	624,268	-	624,268
Total Expenses	<u>8,191,461</u>	<u>-</u>	<u>8,191,461</u>
CHANGE IN NET ASSETS	(211,938)	(60,894)	(272,832)
Net Assets - Beginning of Year	<u>5,213,755</u>	<u>1,146,798</u>	<u>6,360,553</u>
NET ASSETS - END OF YEAR	<u>\$ 5,001,817</u>	<u>\$ 1,085,904</u>	<u>\$ 6,087,721</u>

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
REVENUE AND SUPPORT			
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	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
EXPENSES			
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
CHANGE IN NET ASSETS	982,847	(272,979)	709,868
Net Assets - Beginning of Year	4,230,908	1,419,777	5,650,685
NET ASSETS - END OF YEAR	\$ 5,213,755	\$ 1,146,798	\$ 6,360,553

See accompanying Notes to Financial Statements.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

Program	Salaries, Taxes, and Benefits	Program Costs	Client Assistance	In-Kind Donations	Professional Fees and Other Operating Expenses	Property and Equipment Expenses	Allocated Overhead	Fundraising	Less Expenses Netted with Revenues on Statement of Activities	2023 Total
Anti-Human trafficking	\$ 365,846	\$ 10,971	\$ 187,261	\$ 18,011	\$ 22,345	\$ 49,018	\$ 57,915	\$ -	\$ -	\$ 711,367
Birthline/Lifeline	701,082	3,382	15,798	280,173	103,132	279,163	128,913	3,359	-	1,515,002
Counseling	421,819	109	130	-	21,260	107,632	74,275	-	-	625,225
Disaster Recovery	45,559	3,412	84,247	400	838	922	7,610	22	-	143,010
Elder Affairs	439,901	890	(22)	212	27,792	67,330	68,059	-	-	604,162
Hunger, Homeless Outreach	259,724	7,409	475,864	32,780	16,437	85,273	57,278	-	-	934,765
Immigration	364,605	3,129	17	7,575	23,952	95,160	68,239	-	-	562,677
Interfaith Health and Wellness	47,202	800	-	106	3,813	3,879	10,594	7,497	(6,998)	66,893
Parish Social Ministry	68,948	-	13,000	-	3,746	20,384	13,676	(683)	-	119,071
Prison Ministry	153,574	16,901	620	-	12,859	18,554	23,208	-	-	225,716
Refugee Resettlement	115,498	1,588	69,526	31,232	3,079	19,643	16,205	-	-	256,771
Respect Life Ministry	71,601	1,028	17,098	-	14,875	13,677	13,676	-	-	131,955
Respite Services	71	-	-	-	3,465	-	156	-	-	3,692
Samaritan Center	544,312	46,763	30,489	3,896	34,619	141,712	121,565	20,008	(88,831)	854,533
Total Program Expense	<u>3,599,742</u>	<u>96,382</u>	<u>894,028</u>	<u>374,385</u>	<u>292,212</u>	<u>902,347</u>	<u>661,369</u>	<u>30,203</u>	<u>(95,829)</u>	<u>6,754,839</u>
Supporting Services										
Central Office	559,536	12,959	516,421	89	154,817	242,573	(674,208)	167	-	812,354
Fundraising	214,776	8,654	5,055	29,273	55,456	30,896	12,841	267,317	-	624,268
Total Support Services	<u>774,312</u>	<u>21,613</u>	<u>521,476</u>	<u>29,362</u>	<u>210,273</u>	<u>273,469</u>	<u>(661,367)</u>	<u>267,484</u>	<u>-</u>	<u>1,436,622</u>
Total Expenses	<u>\$ 4,374,054</u>	<u>\$ 117,995</u>	<u>\$ 1,415,504</u>	<u>\$ 403,747</u>	<u>\$ 502,485</u>	<u>\$ 1,175,816</u>	<u>\$ 2</u>	<u>\$ 297,687</u>	<u>\$ (95,829)</u>	<u>\$ 8,191,461</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	Fundraising	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
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>-</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>-</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>\$ -</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.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
	(Consolidated)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (272,832)	\$ 709,868
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	117,322	92,781
Contribution of Property and Equipment	-	(362,784)
ROU Asset	(161,883)	-
ROU Amortization	57,310	-
Lease Liability	106,179	(701,950)
(Increase) Decrease in Assets:		
Elder Affairs Fund	5,031	3,990
Grants Receivable	1,462,232	(977,446)
Other Assets	(49,173)	(47,189)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	37,842	17,972
Due to Agency - Elder Affairs Fund	(11,861)	(120,256)
Net Cash Provided (Used) by Operating Activities	1,290,167	(1,385,014)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of operating investments	(514,060)	-
Unrealized Gain	(22,325)	-
Purchase of Property and Equipment	(147,833)	(48,965)
Net Cash Used by Investing Activities	(684,218)	(48,965)
NET CHANGE IN CASH AND CASH EQUIVALENTS	605,949	(1,433,979)
Cash and Cash Equivalents - Beginning of Year	2,974,097	4,408,076
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,580,046	\$ 2,974,097
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF FINANCIAL POSITION		
Cash and Cash Equivalents	\$ 2,494,141	\$ 1,827,299
Cash and Cash Equivalents - Restricted	1,085,905	1,146,798
Total Cash and Cash Equivalents at Year-End	\$ 3,580,046	\$ 2,974,097
SUPPLEMENTAL DISCLOSURES		
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
JUNE 30, 2023 AND 2022

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, 2023 and 2022.

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.

Principles of Consolidation

The accompanying financial statements include the activity of the Catholic Charities Foundation of the Diocese of Palm Beach, Inc. (the Foundation) of which Catholic Charities of the Diocese of Palm Beach, Inc. has controlling interest. The Foundation was created in 2021; however, the year ended June 30, 2023 was the first year with any activity. All significant intercompany transactions and balances have been eliminated in the consolidation.

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
JUNE 30, 2023 AND 2022

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

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.

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, 2023 and 2022, the Organization had \$2,797,217 and \$2,209,458, 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
JUNE 30, 2023 AND 2022

**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 \$6,084 that have not been recognized as of June 30, 2023 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, 2023 and 2022.

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
JUNE 30, 2023 AND 2022

**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:

	2023	2022	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Facilities	\$ 491,337	\$ 519,087	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	31,650	30,050	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	29,273	238,403	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>\$ 552,260</u>	<u>\$ 1,150,324</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, 2023 and 2022, 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.

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
JUNE 30, 2023 AND 2022

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

Leases

Catholic Charities of the Diocese of Palm Beach determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease obligation on the statement of financial position.

ROU assets represent Catholic Charities of the Diocese of Palm Beach's right to use an underlying asset for the lease term and lease obligation represents the Catholic Charities of the Diocese of Palm Beach's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that Catholic Charities of the Diocese of Palm Beach will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Catholic Charities of the Diocese of Palm Beach has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease obligations or right of use assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, Catholic Charities of the Diocese of Palm Beach has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

Catholic Charities of the Diocese of Palm Beach has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

NOTE 2 ADOPTION OF ACCOUNTING PRINCIPLE

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Catholic Charities of the Diocese of Palm Beach, Inc. adopted the requirements of the guidance effective July 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 ADOPTION OF ACCOUNTING PRINCIPLE (CONTINUED)

Catholic Charities of the Diocese of Palm Beach, Inc. has elected to adopt the package of practical expedients available in the year of adoption. Catholic Charities of the Diocese of Palm Beach, Inc. has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization's ROU assets.

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:

	2023	2022
Cash and Cash Equivalents	\$ 3,580,046	\$ 2,974,097
Grants Receivable	749,195	2,211,427
Less: Net Assets with Donor Restrictions	(1,085,904)	(1,146,798)
Total	<u>\$ 3,243,337</u>	<u>\$ 4,038,726</u>

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.

NOTE 4 PROPERTY AND EQUIPMENT

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

	2023	2022
Land	\$ 248,500	\$ 248,500
CIP	44,380	-
Building and Building Improvements	1,218,392	1,453,564
Furniture and Equipment	274,491	718,022
Vehicles	226,864	226,864
Subtotal	2,012,627	2,646,950
Less: Accumulated Depreciation	584,358	1,249,192
Property and Equipment, Net	<u>\$ 1,428,269</u>	<u>\$ 1,397,758</u>

Depreciation expense was \$117,322 and \$92,781 for the years ended June 30, 2023 and 2022, respectively.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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, 2023 and 2022, the Organization has a due to agency balance of \$6,084 and \$17,945, 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 \$2,797,217 and \$2,209,458 for the years ended June 30, 2023 and 2022, 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.

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, 2023 and 2022, the Organization received an operating subsidy of approximately \$1,500,000 and \$1,500,001, respectively.

Transactions with Board Members

For the years ended June 30, 2023 and 2022, the Organization received \$195,873 and \$110,235, respectively, in contributions from board members. The Organization also incurred expenses for the years ended June 30, 2023 and 2022 of \$20,021 and \$23,664, respectively, with businesses for which board members work for during the years.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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, 2023 is outlined in the table below. The EIN column provides the Employer Identification Number. The most recent Pension Protection Act (PPA) zone status in 2022 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.

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.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 EMPLOYEE BENEFIT PLANS (CONTINUED)

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
	2023 Contributions	2022 Contributions	Surcharge Imposed	Expiration of CBA
Pension Plan for Lay Employees and Sisters and Brothers within the Diocese of Palm Beach	\$ 99,435	\$ 82,511	No	N/A
The Diocese of Palm Beach, Inc. 403(b) Plan Total	<u>222,067</u> <u>\$ 321,502</u>	<u>199,103</u> <u>\$ 281,614</u>	No	N/A

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
JUNE 30, 2023 AND 2022

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Purpose Restrictions:		
Outreach	\$ 759,106	\$ 918,712
Other Projects	326,798	228,086
Total	\$ 1,085,904	\$ 1,146,798

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.

NOTE 11 LEASES

Contributed Facilities

The Organization leases office under various leases. Rental expense was \$491,337 in contributed facilities for the year ended June 30, 2023. Rental expense was 519,087 in contributed facilities for the year ended June 30, 2022.

Operating Leases

Catholic Charities of the Diocese of Palm Beach, Inc. leases equipment as well as certain office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2026 and provide for renewal options ranging from 12 months to 4 years. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Certain facility leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Additionally, the agreements generally require the Organization to pay real estate taxes, insurance, and repairs.

The following tables provide quantitative information concerning the Organization's leases for the year ended June 30, 2023:

Lease Cost:	
Operating Lease Cost	\$ 61,065
Total Lease Cost	\$ 61,065

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 11 LEASES (CONTINUED)

Other Information:

Cash Paid for Amounts Included in the Measurement of Lease Liabilities	
Operating Cash Flows from Operating Leases	\$ 57,310
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	161,883
Weighted-Average Remaining Lease Term - Operating Leases	1.65 Years
Weighted-Average Discount Rate - Operating Leases	2.85%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023 is as follows:

<u>Maturity Analysis</u>	<u>Operating</u>
2024	\$ 59,819
2025	46,463
2026	2,590
Undiscounted Cash Flows	<u>108,872</u>
(Less) Imputed Interest	<u>(2,656)</u>
Total Present Value	<u>\$ 106,216</u>
Short-Term Lease Liabilities	\$ (57,690)
Long-Term Lease Liabilities	(48,490)
Total	<u>\$ (106,180)</u>

NOTE 12 SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 27, 2023, the date which the financial statements were available for issue and has determined that there are no additional adjustments and/or disclosures required.



**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, 2023, 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 27, 2023.

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 2023-001 that we consider to be a significant deficiency.

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 27, 2023



**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, 2023. 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, 2023.

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.'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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-002 and 2023-003 that we consider to be significant deficiencies.

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.

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.

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 27, 2023

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Entity Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
FEDERAL AWARDS			
Direct Awards			
Department of Justice			
Services for Trafficking Victims	16.320	2020 - VT-BX-0024	\$ 186,960
Indirect Awards:			
Pass-Through Palm Beach County Victim Services:			
Services for Trafficking Victims	16.320	2019-VT-BX-K029	191,259
Total Assistance Listing Number 16.320			<u>378,219</u>
Indirect Awards:			
Pass-Through Fla Attorney General:			
Crime Victim Assistance	16.575	VOCA-2020-Catholic Charities of the -VC722	51,659
Total Department of Justice			<u>429,878</u>
U.S. Department of Home and Urban Development			
Indirect Awards:			
Pass-Through Palm Beach County:			
COVID-19: ESG	14.231	59-2470479	10,059
Total Department of Home and Urban Development			
U.S. Department of Health and Human Services			
Pass-Through Palm Beach County:			
Homeless Challenge Grant	93.558	TANF 2022-2023	124,000
Pass-Through U.S. Conference of Catholic Bishops:			
Refugee and Entrant Assistance Voluntary Agency Programs	93.567	90RV0070-02	72,766
Pass-Through U.S. Conference of Catholic Bishops:			
Trafficking Victim Assistance Program	93.598	2018-ACF-IOAS-OTIP-ZV-1369	21,440
Pass-Through DCF - SEFBHN:			
Community Mental Health Services	93.665	LNF01	162,001
Total U.S. Department of Health and Human Services			<u>380,207</u>
Corporation for National and Community Service			
Indirect Awards:			
Pass-Through - Corporation for National and Community Service AmeriCorps:			
Retired and Senior Volunteer Program	94.002	2021-OPE1-P74-OPO-26000-4101	51,860
Total Corporation for National and Community Service			
U.S. Department of Homeland Security			
Indirect Awards:			
Pass-Through United Way Palm Beach County:			
Emergency Food and Shelter National Board-Phase 39	97.024	168600-002	132,731
Emergency Food and Shelter National Board-Phase 40	97.024	168600-002	108,164
COVID-19: American Rescue Plan Act	97.024	168600-002	76,550
Pass-Through Treasure Coast Homeless Services Council, Inc.:			
Emergency Food and Shelter National Board-Phase 39	97.024		9,000
Total Assistance Listing Number 97.024			<u>326,445</u>
Total U.S. Department of Homeland Security			<u>326,445</u>
Total Expenditures of Federal Awards			<u>\$ 1,198,449</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, 2023

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, 2023. 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, 2023**

Section I – Summary of Auditors’ Results

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 deficiencies identified? x yes _____ 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)? x yes _____ no

Identification of Major Federal Programs

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

Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>750,000</u>
Auditee qualified as low-risk auditee?	<u> x </u> yes _____ no

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

2023-001 Audit Adjustments

Type of Finding:

- Significant Deficiency in Internal control over Financial Reporting

Condition: Proposed audit adjustments resulted in significant changes to account balances which were identified during the audit.

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

Effect: In-kind revenue and expense as of June 30,2023 were understated by \$342,824.

Cause: The in-kind revenue and expense were not properly recorded at year end.

Repeat Finding: No

Recommendation: We recommend in-kind revenue and related expense be properly reported as contributions are received.

Views of responsible officials and planned corrective actions: See Corrective Action Plan.

Section III – Findings and Questioned Costs – Major Federal Programs

2023 – 002-Allowable Costs

Federal Agency: Department of Justice

Program Title: Department of Justice Housing

Assistance Listing Number: 16.320

Award Period: May 1, 2020 – April 30, 2023

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Criteria: 2 CRF 200.431 states cost of compensation are allowable to the extent that they satisfy the specific requirements of these items: (1) is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities; (2) Follows an appointment made in accordance with a non-Federal entity's laws and/or rules or written policies and meets the requirements of Federal statute, where applicable; and

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

(3) is determined and supported as provided in paragraph (i) of this section, Standards for Documentation of Personnel Expenses, when applicable.

Condition: In a sample of 25 transactions tested, there was one instance where the time sheet hours for the time spent on the grant did not match the hours charged to the grant per the reimbursement request. There was 3 instances where there was a difference in the approved pay rate utilized in the reimbursement request versus the payroll register. The total amount mischarged \$218.20 to the grant.

Questioned costs: \$218.20.

Context: The sample of 25 transactions included transactions from different periods during the grant, inside the fiscal year.

Cause: The inaccurate recording of the reimbursement requests is a result from input mistake.

Repeat finding: No

Recommendation: We recommend reimbursement requests be reviewed and traced back to supporting documentation prior to the filing of the reimbursement request.

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

2023 – 003 - Cash Management

Federal Agency: Department of Justice

Program Title: Department of Justice Housing

Assistance Listing Number: 16.320

Award Period: May 1, 2020 – April 30,2023

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Criteria: 2 CRF 200.305(b)(3) states the Organization only request reimbursement for costs which are paid prior to the date of the reimbursement request.

Condition: In a sample of 24 transactions tested, there was one instance where the reimbursement request did not agree to the supporting documentation. The reimbursement was for \$23,031.67 and the supporting documentation was for \$19,852.76. The reimbursement request incorrectly included a match amount.

Questioned costs: \$3,178.91

Context: The sample of 24 transactions included transactions from different periods during the grant, inside the fiscal year.

Cause: The inaccurate completion of the reimbursement requests.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Repeat finding: No

Recommendation: We recommend reimbursement requests be reviewed and traced back to supporting documentation prior to the filing of the reimbursement request.

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