

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2021 AND 2020**



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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 statements of financial position as of June 30, 2021 and 2020, 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 audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audits 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.

***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, 2021 and 2020, 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2021, 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 20, 2021

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
Cash and Cash Equivalents, including Restricted of \$1,380,269 and \$879,447 in 2021 and 2020, Respectively	\$ 4,408,076	\$ 3,855,418
Elder Affairs Fund	19,566	18,426
Grants Receivable	1,233,981	210,024
Property and Equipment, Net	1,078,790	1,152,051
Other Assets	30,380	35,962
Total Assets	\$ 6,770,793	\$ 5,271,881
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 279,957	\$ 288,738
Due to Agency - Elder Affairs Fund	138,201	17,526
Paycheck Protection Program Loan	701,950	-
Total Liabilities	1,120,108	306,264
<b>NET ASSETS</b>		
Without Donor Restrictions	4,230,908	4,089,170
With Donor Restrictions	1,419,777	876,447
Total Net Assets	5,650,685	4,965,617
Total Liabilities and Net Assets	\$ 6,770,793	\$ 5,271,881

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Contributions	\$ 311,652	\$ 640,362	\$ 952,014
Bequests	86,495	162,294	248,789
United Way	-	128,925	128,925
Contributed Facilities and Services	100,566	670,391	770,957
Grants and Contracts	205,158	2,233,379	2,438,537
Program Service Fees	503,992	-	503,992
Total	1,207,863	3,835,351	5,043,214
 Internal Special Events	 388,428	 513,391	 901,819
Less: Costs of Direct Benefits to Donors	(105,039)	-	(105,039)
Total Special Events	283,389	513,391	796,780
 Allocation from the Diocese	 1,500,002	 -	 1,500,002
Interest and Dividend Income	57,257	-	57,257
Net Assets Released from Restrictions	4,818,297	(4,818,297)	-
Total Revenue and Support	7,866,808	(469,555)	7,397,253
 <b>EXPENSES</b>			
Program Services	6,922,862	-	6,922,862
Central Office	634,445	-	634,445
Fundraising	399,376	-	399,376
Total Expenses	7,956,683	-	7,956,683
 <b>CHANGE IN NET ASSETS</b>	 (89,875)	 (469,555)	 (559,430)
Net Assets - Beginning of Year	4,179,045	1,346,002	5,525,047
 <b>NET ASSETS - END OF YEAR</b>	 \$ 4,089,170	 \$ 876,447	 \$ 4,965,617

See accompanying Notes to Financial Statements.

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

Program	Salaries, Taxes and Benefits	Program Costs	Client Assistance	In-Kind Donations	Professional Fees and Other Operating Expenses	Property and Equipment Expenses	Allocated Overhead	Less Expenses Netted with Revenues on Statement of Activities	2021 Total
Anti-Human trafficking	\$ 309,444	\$ 2,601	\$ 50,737	\$ 5,768	\$ 18,458	\$ 84,928	\$ 30,575	\$ -	\$ 502,511
Birthline/Lifeline	416,699	1,770	5,631	211,367	24,741	180,361	70,243	-	910,812
Counseling	442,306	3,714	-	-	29,231	130,103	74,045	-	679,399
Disaster Recovery	2,431	-	-	-	900	-	-	-	3,331
Elder Affairs	379,871	273	306	-	29,407	77,918	57,759	-	545,534
Hunger, Homeless Outreach	305,019	6,187	579,037	105,576	14,057	78,532	62,245	-	1,150,653
Immigration	393,272	2,220	-	6,168	27,488	100,105	63,379	-	592,632
Interfaith Health and Wellness	50,509	-	9,412	1,450	4,671	18,130	9,376	-	93,548
Parish Social Ministry	59,950	-	4,624	-	2,949	13,076	11,843	-	92,442
Prison Ministry	129,777	5,374	4,120	1,789	9,341	20,416	19,104	-	189,921
Project Rachel	-	-	-	-	784	-	-	-	784
Refugee Resettlement	55,772	-	55,313	3,788	6,753	8,566	28,139	-	158,331
Respect Life Ministry	66,282	8,868	1,679	-	4,909	16,592	11,843	-	110,173
Respite Services	6,818	-	-	-	3,131	3,535	1,377	-	14,861
Samaritan Center	469,723	29,196	10,286	19,064	27,995	133,089	82,653	(20,638)	751,368
Total Program Expense	<u>3,087,873</u>	<u>60,203</u>	<u>721,145</u>	<u>354,970</u>	<u>204,815</u>	<u>865,351</u>	<u>522,581</u>	<u>(20,638)</u>	<u>5,796,300</u>
Supporting Services									
Central Office	895,883	36,799	16,454	-	136,508	192,684	(538,784)	-	739,544
Fundraising	144,198	5,842	45,205	1,200	96,723	18,222	16,203	(33,033)	294,560
Total Support Services	<u>1,040,081</u>	<u>42,641</u>	<u>61,659</u>	<u>1,200</u>	<u>233,231</u>	<u>210,906</u>	<u>(522,581)</u>	<u>(33,033)</u>	<u>1,034,104</u>
Total Expenses	<u>\$ 4,127,954</u>	<u>\$ 102,844</u>	<u>\$ 782,804</u>	<u>\$ 356,170</u>	<u>\$ 438,046</u>	<u>\$ 1,076,257</u>	<u>\$ 0</u>	<u>\$ (53,671)</u>	<u>\$ 6,830,404</u>

See accompanying Notes to Financial Statements.



**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2020**

Program	Salaries, Taxes and Benefits	Program Costs	Client Assistance	In-Kind Donations	Professional Fees and Other Operating Expenses	Property and Equipment Expenses	Allocated Overhead	Less	2020 Total
								Expenses Netted with Revenues on Statement of Activities	
Anti-Human Trafficking	\$ 254,848	\$ 1,005	\$ 42,368	\$ 2,568	\$ 15,703	\$ 60,702	\$ 40,955	\$ -	\$ 418,149
Birthline/Lifeline	430,346	2,823	30,804	128,989	57,177	183,373	71,026	(7,680)	896,858
Counseling	619,217	20,890	-	-	96,005	123,162	76,467	(8,084)	927,657
Disaster Recovery	235,651	40	349,899	-	18,889	75,390	33,046	-	712,915
Elder Affairs	397,738	2,263	475	-	28,057	78,624	60,011	-	567,168
Hunger, Homeless Outreach	259,389	40	310,926	55,045	11,757	56,492	53,694	-	747,343
Immigration	490,651	4,559	-	75	31,278	118,892	88,385	-	733,840
Interfaith Health and Wellness	48,802	773	6,035	570	7,091	17,959	6,916	-	88,146
Parish Social Ministry	62,811	-	17,330	-	4,063	12,693	13,606	-	110,503
Prison Ministry	119,762	4,173	725	-	10,507	20,845	20,116	-	176,128
Project Rachel	36,125	-	-	-	3,401	3,797	5,594	-	48,917
Refugee Resettlement	248,517	10	82,634	10,429	12,392	68,585	64,537	-	487,104
Respect Life Ministry	55,231	586	19,252	-	5,568	11,880	9,472	-	101,989
Respite Services	43,005	30	-	-	5,804	2,900	5,117	-	56,856
Samaritan Center	453,288	23,468	51,493	31,481	38,689	170,808	80,837	(775)	849,289
Total Program Expense	3,755,381	60,660	911,941	229,157	346,381	1,006,102	629,779	(16,539)	6,922,862
Supporting Services									
Central Office	1,002,322	20,154	28,394	(398)	87,029	145,605	(648,661)	-	634,445
Fundraising	226,257	7,458	500	29,927	202,562	2,290	18,882	(88,500)	399,376
Total Support Services	1,228,579	27,612	28,894	29,529	289,591	147,895	(629,779)	(88,500)	1,033,821
Total Expenses	\$ 4,983,960	\$ 88,272	\$ 940,835	\$ 258,686	\$ 635,972	\$ 1,153,997	\$ -	\$ (105,039)	\$ 7,956,683

See accompanying Notes to Financial Statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 685,068	\$ (559,430)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	75,203	95,471
Gain on Disposal of Fixed Assets	(29,479)	-
(Increase) Decrease in Assets:		
Elder Affairs Fund	(1,140)	(2,780)
Grants Receivable	(1,023,957)	173,022
Trusts and Estate Receivable	-	550,036
Other Assets	5,582	2,315
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(8,781)	57,059
Due to Agency - Elder Affairs Fund	120,675	1,880
Net Cash Provided (Used) by Operating Activities	(176,829)	317,573
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Property and Equipment	49,479	-
Purchase of Property and Equipment	(21,942)	(11,587)
Net Cash Provided (Used) by Investing Activities	27,537	(11,587)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program Loan	701,950	-
Net Cash Provided (Used) by Financing Activities	701,950	-
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	552,658	305,986
Cash and Cash Equivalents - Beginning of Year	3,855,418	3,549,432
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 4,408,076	\$ 3,855,418
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF FINANCIAL POSITION</b>		
Cash and Cash Equivalents	\$ 3,027,807	\$ 2,975,971
Cash and Cash Equivalents - Restricted	1,380,269	879,447
Total Cash and Cash Equivalents at Year-End	\$ 4,408,076	\$ 3,855,418

See accompanying Notes to Financial Statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

**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, 2021 and 2020.

**Counseling**

Individual, marital, and group counseling.

**Outreach and Other Community**

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

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

**Elder Affairs**

Comprehensive guardianship and case management support for elderly.

**Basis of Accounting**

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

**Functional Allocation of Expenses**

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

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

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

**Cash and Cash Equivalents**

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

The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. At June 30, 2021 and 2020, the Organization had \$3,376,841 and \$2,643,080, 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 \$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 contributions without restrictions.

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

**Net Assets**

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

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

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where, where the donor stipulates that resources be maintained in perpetuity.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

**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 \$138,201 that have not been recognized as of June 30, 2021, 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, 2021 and 2020.

**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. Facilities and services furnished to the programs are recorded as Contributed Facilities and Services in the accompanying statements 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, 2021 AND 2020**

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

**Contributed Facilities and Services (Continued)**

Donated facilities, assets, materials, and service revenues received were valued at \$878,005 and \$770,957 for the years ended June 30, 2021 and 2020, respectively, have been reported as support in the accompanying financial statements for operating purposes. On the statements of functional expenses, these donated facilities, assets, materials, and services are recorded within property and equipment expenses for donated facilities, within in-kind donations for donated assets and materials, and within professional other operating expenses for donated services.

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 \$279,080 and \$304,717 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020, 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.

**Subsequent Events**

The Organization has evaluated subsequent events through October 20, 2021, which is the date the financial statements were available to be issued.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 2 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:

	2021	2020
Cash and Cash Equivalents	\$ 3,027,807	\$ 2,978,971
Grants Receivable	1,233,981	210,024
Less: Net Assets with Donor Restrictions	(1,419,777)	(876,447)
Total	\$ 2,842,011	\$ 2,312,548

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 3 PROPERTY AND EQUIPMENT**

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

	2021	2020
Land	\$ 248,500	\$ 268,500
Building and Building Improvements	1,208,257	1,187,798
Furniture and Equipment	633,246	631,764
Vehicles	188,698	188,698
Subtotal	2,278,701	2,276,760
Less: Accumulated Depreciation	1,199,911	1,124,709
Property and Equipment, Net	\$ 1,078,790	\$ 1,152,051

Depreciation and amortization expense was \$75,203 and \$95,471 for the years ended June 30, 2021 and 2020, respectively.

**NOTE 4 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, 2021 and 2020, the Organization has a due to agency balance of \$138,201 and \$17,526, respectively.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 5 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 \$3,376,841 and \$2,643,080 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020, the Organization received an operating subsidy of approximately \$1,500,010 and \$1,500,000, respectively.

**Transactions with Board Members**

For the years ended June 30, 2021 and 2020, the Organization received \$117,610 and \$108,260, respectively, in contributions from board members. The Organization also incurred expenses for the years ended June 30, 2021 and 2020 of \$27,614 and \$23,543, respectively, with businesses for which board members work for during the years.

**NOTE 6 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.



**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 6 EMPLOYEE BENEFIT PLANS (CONTINUED)**

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, 2021 is outlined in the table below. The EIN column provides the Employer Identification Number. The most recent Pension Protection Act (PPA) zone status in 2020 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.

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>2021 Contributions</u>	<u>2020 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	\$ 83,131	\$ 68,843	No	N/A
The Diocese of Palm Beach, Inc. 403(b) Plan Total	<u>190,495</u> <u>\$ 273,626</u>	<u>253,079</u> <u>\$ 321,922</u>	No	N/A

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 7 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.

**Rent and Leases**

The Organization leases office space and equipment under various operating leases. Rental expense was \$579,283, including \$528,333 in contributed facilities for the year ended June 30, 2021. Rental expense was \$656,214, including \$528,510 in contributed facilities for the year ended June 30, 2020.

Future minimum payments under noncancelable office space and equipment leases at June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 60,107
2023	58,083
2024	56,194
2025	23,342
Total	<u>\$ 197,726</u>

**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2021</u>	<u>2020</u>
Purpose Restrictions:		
Elder Affairs	\$ 35,229	\$ 211,163
Outreach	682,753	564,815
Other Projects	701,795	100,469
Total	<u>\$ 1,419,777</u>	<u>\$ 876,447</u>

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 9 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 10 PAYCHECK PROTECTION PROGRAM**

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

In March 2021, the Organization received a second PPP Loan for \$701,950 granted by the SBA under the CARES Act. The PPP loan may be forgiven by the U.S. Small Business Administration (SBA) as subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. As of June 30, 2021, the Organization represents that they have not yet satisfied the performance barriers attributable to all of the PPP loan proceeds. Therefore, the Organization has classified this loan as a refundable advance. The SBA has not formally forgiven any portion of the Organization's obligation under this PPP loan as of June 30, 2021. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date.



**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, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 20, 2021.

**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 2021-001 that we consider to be significant deficiencies.

**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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2021-001.

**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 20, 2021



**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**

We have audited Catholic Charities of the Diocese of Palm Beach, Inc.'s compliance with the types of compliance requirements described 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, 2021. 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Catholic Charities of the Diocese of Palm Beach, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Catholic Charities of the Diocese of Palm Beach, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Catholic Charities of the Diocese of Palm Beach, Inc.'s compliance.

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

In our opinion, Catholic Charities of the Diocese of Palm Beach, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

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

Management of Catholic Charities of the Diocese of Palm Beach, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Catholic Charities of the Diocese of Palm Beach, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Catholic Charities of the Diocese of Palm Beach, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the Organization as of and for the year ended June 30, 2021, and have issued our report thereon dated October 20, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of *Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit requirements for Federal Awards*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
October 20, 2021



**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Entity Program Title	CFDA Number	Pass-Through Entity Identifying Number	Expenditures
<b>FEDERAL AWARDS</b>			
<b>Direct Awards</b>			
<b>Department of Justice</b>			
Services for Trafficking Victims	16.320	2020 - VT-BX-0024	\$ 41,961
<i>Indirect Awards:</i>			
<i>Pass-through U.S. Conference of Catholic Bishops:</i>			
Services for Trafficking Victims-Dignity of Work	16.320	DOJ/OVC 2017 VT-BX-K029	10,937
<i>Pass-through Palm Beach County Victim Services:</i>			
Services for Trafficking Victims	16.320	2019-VT-BX-K029	126,317
Total CFDA 16.320			<u>179,215</u>
<i>Indirect Awards:</i>			
<i>Indirect Awards:</i>			
<i>Pass-through Palm Beach County:</i>			
Legal Assistance for Victims	16.524	2017-WE-AX-0034	1,500
<i>Pass-through Fla Attorney General</i>			
Crime Victim Assistance	16.575	VOCA-2020-Catholic Charities of the -00722	57,548
Total Department of Justice			<u>238,263</u>
<b>U.S. Department of Home and Urban Development</b>			
<i>Indirect Awards:</i>			
<i>Pass-through Palm Beach County:</i>			
COVID-19: ESG	14.231	59-2470479	80,090
Total Department of Home and Urban Development			<u>80,090</u>
<b>U.S. Department of Health and Human Services</b>			
<i>Pass-through Palm Beach County:</i>			
Homeless Challenge Grant	93.558		124,000
Total TANF Cluster			<u>124,000</u>
<i>Pass-through U.S. Conference of Catholic Bishops:</i>			
Refugee and Entrant Assistance Voluntary Agency Programs	93.567	90RV0070-02	69,893
<i>Pass-through U.S. Conference of Catholic Bishops:</i>			
Trafficking Victim Assistance Program	93.598	2018-ACF-IOAS-OTIP-ZV-1369	70,097
<i>Pass-through DCF - SEFBHN:</i>			
Community Mental Health Services	93.665	LNF01	44,500
COVID-19-Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665	LNF01	10,474
<i>Indirect Awards:</i>			
<i>Pass-through - Corporation for National and Community Service AmeriCorps:</i>			
Retired and Senior Volunteer Program	94.002	2021-OPE1-P74-OPO-26000-4101	7,650
Total Corporation for National and Community Service			<u>7,650</u>
<b>U.S. Department of Homeland Security</b>			
<i>Indirect Awards:</i>			
<i>Pass-through United Way Palm Beach County:</i>			
Emergency Food and Shelter National Board-phase 37	97.024	168600-002	112,122
Emergency Food and Shelter National Board-phase 38	97.024	168600-002	24,885
COVID-19:Emergency Food and Shelter National Board	97.024	168600-002	71,046
Total CFDA 97.024			<u>208,053</u>
Total U.S. Department of Homeland Security			<u>208,053</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 853,020</u></b>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2021**

**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, 2021. 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, 2021**

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

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***Financial Statements***

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

***Federal Awards***

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

***Identification of Major Federal Programs***

Assistance Listing Number(s)	Name of Federal Program or Cluster
97.024	Emergency Food and Shelter National Board Program
16.320	Services for Trafficking Victims

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

\$ 750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes        x   no

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

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**Section II – Financial Statement Findings**

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**2021 – 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 maintaining internal controls to ensure that transactions are properly recorded and reported in the financial statements in accordance with accounting principles generally accepted in the United States of American (GAAP).

**Effect:** Deferred revenue as of June 30, 2021 was understated and contribution revenue was overstated by \$39,099. Additionally, In-Kind client assistance service revenue and expenses were understated by \$28,350 related to qualified services for ultrasound readings.

**Cause:** Catholic Charities of the Diocese of Palm Beach, Inc. recorded an advance received as revenue rather than recording as unearned revenue until earned. The In-Kind service revenues and related expenses had all been removed from financial statements despite the fact that portions of the hours did qualify for recognition under FASB 958-605-55-28.

**Repeat Finding:** No.

**Recommendation:** We recommend that contribution revenue is recorded only when earned. Also, we recommend In-Kind service hours continue to be tracked and contributed services meeting recognition criteria remain on the financial statements.

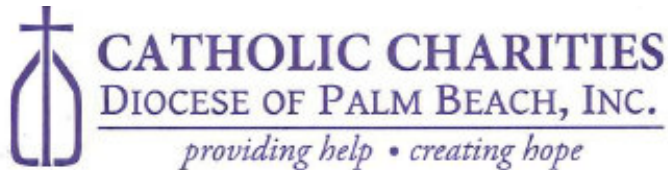
**Views of responsible officials and planned corrective actions:** See Corrective Action Plan.

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

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



**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2021**

U.S. Department of Health and Human Services

Catholic Charities of the Diocese of Palm Beach, Inc. respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2021.

Audit period: July 1, 2020 through June 30, 2021

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

**FINDINGS—FINANCIAL STATEMENT AUDIT**

There were no financial statement findings in the prior year.

**FINDINGS— FEDERAL AWARD PROGRAMS AUDITS**

**2020-001- Allowable Costs-Payroll Disbursements**

**Condition:** In a sample of 19 payroll disbursements tested, there were 6 transactions in which the time sheet hours for time spent on the grant did not match the hours charged to the grant per the payroll register and reimbursement request. The 6 errors consisted of 5 which over-charged the grant for a total of \$1,366 and 1 which under charged the grant for \$27 for a net over-charging of \$1,339.

**Status:** Corrected

**2020-002- Cash Management**

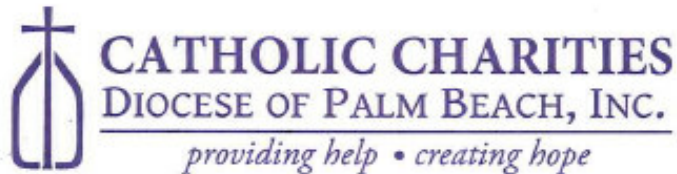
**Condition:** There was no formal review over cash reimbursements for the first few months of the fiscal year. A review process was implemented for October 2019 and beyond.

**Status:** Corrected

If the U.S. Department of Health and Human Services has questions regarding this schedule, please call Peter Herrmann, Finance Director at 561-360-3335.

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**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.  
CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2021**

Catholic Charities of the Diocese of Palm Beach, Inc. respectfully submits the following corrective action plan for the year ended 2021.

Audit period: July 1, 2020 through June 30, 2021

The finding from the schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

**FINDINGS—FINANCIAL STATEMENT AUDIT**

**SIGNIFICANT DEFICIENCY**

2021-001      Audit Adjustments

Recommendation: We recommend that contribution revenue is recorded only when earned. Also, we recommend in-kind service hours continue to be tracked and contributed services meeting recognition criteria remain on the financial statements.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action planned/taken in response to finding: Revenue – Finance will schedule regular meetings with the Programs, as they relate to grants, to monitor the timely expensing of funds and other related financial issues. The Finance staff has already begun additional training in financial grant management to increase the number of staff involved in the monitoring process. In-Kind Services – Finance will work with the Data and Program Support Manager to create a reporting mechanism to separate the In-Service hours into clearly defined categories for proper accounting attention.

Name(s) of the contact person(s) responsible for corrective action: Peter Herrmann, Finance Manager, Kris Rivera, Operation Director, Carol Rodriguez, Program Development and Quality Manager, Jamie Parlow, Data and Program Support Manager.

Planned completion date for corrective action plan: 10/31/2021

If the Oversight Agency has questions regarding this plan, please call Peter Herrmann at (561)-360-3335

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