

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

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2025 AND 2024



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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 Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Catholic Charities of the Diocese of Palm Beach, Inc. (the Organization) (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization, as of June 30, 2025 and 2024, 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.

Basis for Opinion

We conducted our audits 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 Consolidated 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 audits. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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.

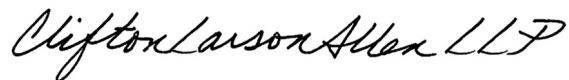
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, 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 the State of Florida Chapter 10.650, *Rules of the Auditor General*, 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 April 21, 2026, 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
April 21, 2026

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Cash and Cash Equivalents, Including Restrictions of \$802,196 and \$1,843,390 in 2025 and 2024, Respectively	\$ 1,556,439	2,092,555
Elder Affairs Fund	9,405	11,685
Investments	743,382	665,391
Grants Receivable	479,461	889,979
Property and Equipment, Net	1,584,680	1,608,512
Operating Lease Right-of-Use Assets, Net	107,869	55,960
Other Assets	102,137	30,877
Total Assets	\$ 4,583,373	\$ 5,354,959
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 630,300	\$ 484,581
Deferred Revenue	150,621	-
Due to Agency - Elder Affairs Fund	7,224	7,224
Operating Lease Obligation	107,869	57,372
Total Liabilities	896,014	549,177
NET ASSETS		
Without Donor Restrictions	2,314,473	3,261,273
With Donor Restrictions	1,372,886	1,544,509
Total Net Assets	3,687,359	4,805,782
Total Liabilities and Net Assets	\$ 4,583,373	\$ 5,354,959

See accompanying Notes to Consolidated Financial Statements.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Public Support:			
Contributions of Cash and Other			
Financial Assets	\$ 14,976	\$ 1,601,537	\$ 1,616,513
Contributions of Nonfinancial Assets	1,228,443	63,721	1,292,164
Bequests	54,017	-	54,017
United Way	4,882	66,382	71,264
Grants and Contracts	1,836,135	648,967	2,485,102
Program Service Fees	217,169	-	217,169
Total Public Support	3,355,622	2,380,607	5,736,229
Internal Special Events	1,267,204	-	1,267,204
Less: Costs of Direct Benefits to Donors	(204,968)	-	(204,968)
Total Special Events	1,062,236	-	1,062,236
Allocation from the Diocese	1,500,000	-	1,500,000
Interest and Dividend Income	142,682	-	142,682
Investment Earnings	77,991	-	77,991
Net Assets Released from Restrictions	2,552,230	(2,552,230)	-
Total Revenue and Support	8,690,761	(171,623)	8,519,138
EXPENSES			
Program Services	7,997,298	-	7,997,298
Central Office	895,816	-	895,816
Fundraising	744,447	-	744,447
Total Expenses	9,637,561	-	9,637,561
CHANGE IN NET ASSETS	(946,800)	(171,623)	(1,118,423)
Net Assets - Beginning of Year	3,261,273	1,544,509	4,805,782
NET ASSETS - END OF YEAR	\$ 2,314,473	\$ 1,372,886	\$ 3,687,359

See accompanying Notes to Consolidated Financial Statements.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Public Support:			
Contributions of Cash and Other			
Financial Assets	\$ 1,182,372	\$ -	\$ 1,182,372
Contributions of Nonfinancial Assets	994,686	-	994,686
Bequests	151,108	-	151,108
United Way	-	16,000	16,000
Grants and Contracts	490,889	2,223,628	2,714,517
Program Service Fees	503,120	-	503,120
Total Public Support	3,322,175	2,239,628	5,561,803
Internal Special Events	1,099,355	-	1,099,355
Less: Costs of Direct Benefits to Donors	(148,679)	-	(148,679)
Total Special Events	950,676	-	950,676
Allocation from the Diocese	1,500,000	-	1,500,000
Interest and Dividend Income	70,270	-	70,270
Investment Earnings	79,005	-	79,005
Net Assets Released from Restrictions	1,781,023	(1,781,023)	-
Total Revenue and Support	7,703,149	458,605	8,161,754
EXPENSES			
Program Services	7,660,555	-	7,660,555
Central Office	1,098,903	-	1,098,903
Fundraising	684,235	-	684,235
Total Expenses	9,443,693	-	9,443,693
CHANGE IN NET ASSETS	(1,740,544)	458,605	(1,281,939)
Net Assets - Beginning of Year	5,001,817	1,085,904	6,087,721
NET ASSETS - END OF YEAR	\$ 3,261,273	\$ 1,544,509	\$ 4,805,782

See accompanying Notes to Consolidated Financial Statements.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

	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 Consolidated Statement of Activities	Total
Program Expense:										
Anti-Human trafficking	\$ 564,144	\$ 50,425	\$ 348,740	\$ 225,362	\$ 32,226	\$ 99,149	\$ 129,996	\$ -	\$ -	\$ 1,450,042
Birthline/Lifeline	915,331	113,354	38,951	363,588	115,006	355,877	177,458	5,561	-	2,085,126
Counseling	166,999	4,655	180	-	14,205	19,357	41,164	39	-	246,599
Disaster Recovery	109,680	91	323,647	50,113	6,297	19,051	23,718	-	-	532,597
Elder Affairs	300,703	2,024	-	-	25,488	57,902	61,490	-	-	447,607
Hunger, Homeless Outreach	296,655	371	421,324	58,080	26,118	167,316	85,478	-	-	1,055,342
Immigration	497,356	4,182	418	-	29,908	98,383	108,404	-	-	738,651
Interfaith Health and Wellness	62,053	2,329	500	-	9,115	6,446	16,387	-	-	96,830
Parish Social Ministry	79,943	40	10,500	600	7,407	8,291	20,173	-	-	126,954
Prison Ministry	144,860	4,856	305	-	19,191	23,023	34,457	38	-	226,730
Respect Life Ministry	80,550	1,124	22,766	2,776	14,444	13,254	20,066	-	-	154,980
Samaritan Center	609,673	7,763	22,221	464	48,587	191,661	127,709	32,730	(204,968)	835,840
Total Program Expense	3,827,947	191,214	1,189,552	700,983	347,992	1,059,710	846,500	38,368	(204,968)	7,997,298
Supporting Services:										
Central Office	1,214,206	27,287	5,700	2,835	179,568	256,733	(791,434)	921	-	895,816
Fundraising	312,657	3,055	-	23,285	35,256	80,764	(55,066)	344,496	-	744,447
Total Supporting Services	1,526,863	30,342	5,700	26,120	214,824	337,497	(846,500)	345,417	-	1,640,263
Total Expenses by Function	\$ 5,354,810	\$ 221,556	\$ 1,195,252	\$ 727,103	\$ 562,816	\$ 1,397,207	\$ -	\$ 383,785	\$ (204,968)	\$ 9,637,561

See accompanying Notes to Consolidated Financial Statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024**

	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 Consolidated Statement of Activities	Total
Program Expense:										
Anti-Human Trafficking	\$ 672,535	\$ 16,776	\$ 336,197	\$ 58,851	\$ 32,838	\$ 75,317	\$ 132,486	\$ 1,989	\$ -	\$ 1,326,989
Birthline/Lifeline	826,320	84,690	14,048	273,073	95,569	387,581	139,075	630	-	1,820,986
Counseling	517,629	3,786	-	-	24,892	69,254	99,487	-	-	715,048
Disaster Recovery	5,915	-	2,864	-	1,180	1,461	6,054	-	-	17,474
Elder Affairs	417,302	3,585	-	-	28,770	71,360	76,302	-	-	597,319
Hunger, Homeless Outreach	326,437	220	401,208	125,326	19,595	94,467	79,545	-	-	1,046,798
Immigration	479,718	2,895	456	-	26,725	110,585	93,114	-	-	713,493
Interfaith Health and Wellness	60,317	2,315	-	-	6,073	3,311	13,761	14,459	(6,998)	93,238
Parish Social Ministry	72,146	30	13,057	-	6,435	17,904	16,598	-	-	126,170
Prison Ministry	162,766	6,280	547	17,555	14,808	31,716	30,909	65	-	264,646
Respect Life Ministry	72,709	249	22,005	-	16,366	12,125	18,052	-	-	141,506
Samaritan Center	578,377	9,277	17,711	3,984	38,251	149,873	116,815	24,281	(141,681)	796,888
Total Program Expense	4,192,171	130,103	808,093	478,789	311,502	1,024,954	822,198	41,424	(148,679)	7,660,555
Supporting Services:										
Central Office	1,207,842	16,316	7,626	-	230,906	297,246	(730,902)	69,869	-	1,098,903
Fundraising	334,926	4,062	11,980	24,560	38,395	34,349	(91,296)	327,259	-	684,235
Total Supporting Services	1,542,768	20,378	19,606	24,560	269,301	331,595	(822,198)	397,128	-	1,783,138
Total Expenses by Function	\$ 5,734,939	\$ 150,481	\$ 827,699	\$ 503,349	\$ 580,803	\$ 1,356,549	\$ -	\$ 438,552	\$ (148,679)	\$ 9,443,693

See accompanying Notes to Consolidated Financial Statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,118,423)	\$ (1,281,939)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	130,224	121,274
Unrealized Gain	(56,386)	(64,088)
Change in Operating Right-of-Use Assets and Liabilities	(1,412)	(194)
(Increase) Decrease in Assets:		
Elder Affairs Fund	2,280	(1,140)
Grants Receivable	410,518	(140,784)
Other Assets	(71,260)	95,865
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	145,719	148,810
Deferred Revenue	150,621	-
Due to Agency - Elder Affairs Fund	-	1,140
Net Cash Provided (Used) by Operating Activities	(408,119)	(1,121,056)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(21,605)	(64,918)
Purchase of Property and Equipment	(106,392)	(301,517)
Net Cash Used by Investing Activities	(127,997)	(366,435)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(536,116)	(1,487,491)
Cash and Cash Equivalents - Beginning of Year	2,092,555	3,580,046
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,556,439	\$ 2,092,555
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO CONSOLIDATED STATEMENTS OF FINANCIAL POSITION		
Cash and Cash Equivalents	\$ 754,243	\$ 249,165
Cash and Cash Equivalents - Restricted	802,196	1,843,390
Total Cash and Cash Equivalents at Year-End	\$ 1,556,439	\$ 2,092,555

See accompanying Notes to Consolidated Financial Statements.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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, 2025 and 2024.

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 consolidated 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. All significant intercompany transactions and balances have been eliminated in the consolidation.

Basis of Accounting

The consolidated 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 CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

**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 consolidated 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.

Investments

Investments consists of mutual funds. Investments are valued at their fair value in the consolidated statements of financial position. Investment earnings are included in the consolidated statements of activities and consists of unrealized gains and interest and dividend income.

Fair Value of Financial Instruments

The Organization reports its financial assets and liabilities using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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

Fair Value of Financial Instruments (Continued)

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain financial instruments approximates their fair values due to the short-term nature of these instruments. These financial instruments include cash and cash equivalents, unconditional promises to give due in one year or less, notes receivable, accounts payable, and accrued expenses.

The Organization's Level 1 financial instruments consist of investments as identified in Note 4 and are valued based on quoted market prices.

The Organization has no Level 2 or Level 3 investments.

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 3 to 30 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 CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

**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 consolidated 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.

Grant receivables are stated at the amount management expects to collect from outstanding balances. The allowance for doubtful accounts is based on identified client accounts believed to be uncollectible based on historical experience, and changing economic conditions. 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 doubtful accounts as of June 30, 2025 and 2024.

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 \$1,506,696 and \$7,224 that have not been recognized as of June 30, 2025 and 2024, respectively, 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 for program service fees are stated at the amount management expects to collect from outstanding balances. The allowance for credit losses is based on identified client accounts believed to be uncollectible based on historical experience, and changing economic conditions. If actual collections experience changes, revisions to the credit loss percentage are made. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. As of June 30, 2025 and 2024, there is no allowance for credit loss.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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

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 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 consolidated 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, 2025 and 2024, 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 consolidated 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 consolidated 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 CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

**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 consolidated statements 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 ROU assets on the consolidated statements 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.

Revisions

Certain revisions of amounts previously reported have been made to the accompanying consolidated financial statements. In note 2 of the consolidated financial statements, the disclosure of the financial assets available for general expenditures for the prior year have been revised to \$2,103,416. The revision had no impact on previously reported net assets.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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 consolidated statement of financial position date, comprise the following:

	2025	2024
Cash and Cash Equivalents	\$ 1,556,439	\$ 2,092,555
Grants Receivable	479,461	889,979
Investments	743,382	665,391
Less: Net Assets with Donor Restrictions	(1,372,886)	(1,544,509)
Available to Meet Cash Needs for General Expenditures Within One Year	\$ 1,406,396	\$ 2,103,416

The Organization has a goal to maintain financial assets, which consists of cash and cash equivalents, grants receivable, and investments on hand to meet 30 days of normal operating expenses, which are, on average, approximately \$800,000.

NOTE 3 INVESTMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets to determine fair value disclosures. For additional information on how the Organization measures fair value, refer to Note 1 – Organization and Summary of Significant Accounting Policies are stated at fair value. Cost and fair value of investments as of June 30, consist of the following:

	2025	
	Cost	Fair Value
Mutual Funds	\$ 600,582	\$ 743,382
Total Investments	\$ 600,582	\$ 743,382
	2024	
	Cost	Fair Value
Mutual Funds	\$ 578,977	\$ 665,391
Total Investments	\$ 578,977	\$ 665,391

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 3 INVESTMENTS (CONTINUED)

The Organization's investments as of June 30, are valued using the fair value measurements at the following:

		2025			
		Level 1	Level 2	Level 3	Total
Mutual Funds		\$ 743,382	\$ -	\$ -	\$ 743,382
Total Investments		\$ 743,382	\$ -	\$ -	\$ 743,382
		2024			
		Level 1	Level 2	Level 3	Total
Mutual Funds		\$ 665,391	\$ -	\$ -	\$ 665,391
Total Investments		\$ 665,391	\$ -	\$ -	\$ 665,391

Investments are measured at the fair value with a technique utilizing market prices at the close of the last business day for the statement period, provided by the investment brokers.

NOTE 4 PROPERTY AND EQUIPMENT

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

		2025	2024
Land		\$ 248,500	\$ 248,500
Construction in Progress		49,874	-
Building and Building Improvements		1,617,005	1,550,370
Furniture and Equipment		278,293	288,410
Vehicles		203,594	203,594
Subtotal		2,397,266	2,290,874
Less: Accumulated Depreciation		812,586	682,362
Property and Equipment, Net		\$ 1,584,680	\$ 1,608,512

Depreciation expense was \$130,224 and \$121,274 for the years ended June 30, 2025 and 2024, respectively.

NOTE 5 DUE TO AGENCY

The Organization provides services to the elderly through guardianship and case management. The Organization holds funds for the elderly enrolled in the program. As of June 30, 2025 and 2024, the Organization has a due to agency balance of \$7,224 and \$7,224, respectively.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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 \$802,196 and \$1,831,705 for the years ended June 30, 2025 and 2024, 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 consolidated statements of activities as the Allocation from the Diocese. For the years ended June 30, 2025 and 2024, the Organization received an operating subsidy of approximately \$1,500,000 and \$1,500,000, respectively.

Transactions with Board Members

For the years ended June 30, 2025 and 2024, the Organization received \$200,280 and \$63,604, respectively, in contributions from board members. The Organization also incurred expenses for the years ended June 30, 2025 and 2024 of \$71,462 and \$26,031, respectively, with businesses for which board members work for during the years.

NOTE 7 EMPLOYEE BENEFIT PLANS

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

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

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 7 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, 2025 is outlined in the table below. The EIN column provides the Employer Identification Number. The most recent Pension Protection Act (PPA) zone status in 2024 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>Contributions</u>		<u>Surcharge Imposed</u>	<u>Expiration of CBA</u>
	<u>2025</u>	<u>2024</u>		
Pension Plan for Lay Employees and Sisters and Brothers within the Diocese of Palm Beach	\$ 102,476	\$ 111,612	No	N/A
The Diocese of Palm Beach, Inc. 403(b) Plan	253,218	266,544	No	N/A
Total	<u>\$ 355,694</u>	<u>\$ 378,156</u>		

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

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

	2025	2024
Subject to Expenditure for Specified Purpose:		
Samaritan Center	\$ 931,066	\$ 911,577
Outreach	381,820	587,234
Other Projects	60,000	45,698
Total	\$ 1,372,886	\$ 1,544,509

NOTE 10 CONCENTRATIONS OF RISK

Revenue and Support

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.

Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk include cash and cash equivalents. The Organization maintains its cash and cash equivalents with multiple U.S. financial institutions. The Federal Deposit Insurance Corporation insures these deposits up to \$250,000 at each institution. The Organization is exposed to credit risk in the event of default by the financial institution to the extent cash and cash equivalent deposits are in excess of the amount insured. At June 30, 2025 and 2024, cash and cash equivalent deposits exceeded the federally insured limit by \$530,856 and \$61,501. The Organization also holds cash and cash equivalents with the Diocese of Palm Beach Savings Fund Trust (SFT). These cash deposits are not FDIC insured and are also subject to credit risk in the amounts of \$802,196 and \$1,831,705 for the years ended June 30, 2025 and 2024, respectively.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 11 LEASES

Contributed Facilities

The Organization leases office under various leases. Rental expense in contributed facilities was \$565,062 and \$491,337 for the years ended June 30, 2025 and 2024, respectively.

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, noncancelable lease agreements. The leases expire at various dates through 2030 and provide for renewal options ranging from 12 months to four 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 years ended June 30:

	2025	2024
Lease Cost:		
Operating Lease Cost	\$ 38,666	\$ 59,271
Total Lease Cost	\$ 38,666	\$ 59,271
	2025	2024
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities		
Operating Cash Flows from Operating Leases	\$ 39,199	\$ 59,465
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	106,583	9,809
Weighted-Average Remaining Lease Term - Operating Leases	4.4 Years	1.3 Years
Weighted-Average Discount Rate - Operating Leases	4.35%	3.06%

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 11 LEASES (CONTINUED)

Operating Leases (Continued)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2025 is as follows:

<u>Year Ending June 30,</u>	<u>Operating Leases</u>
2026	\$ 28,548
2027	25,958
2028	25,089
2029	23,352
2030	<u>15,570</u>
Undiscounted Cash Flows	118,517
Less: Imputed Interest	<u>(10,648)</u>
Total Present Value	<u>\$ 107,869</u>
Short-Term Lease Liabilities	\$ (24,434)
Long-Term Lease Liabilities	<u>(83,435)</u>
Total	<u>\$ (107,869)</u>

NOTE 12 DONATED FACILITIES, CAPITAL ASSETS, SERVICES, AND SUPPLIES

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

	<u>2025</u>	<u>2024</u>	<u>Utilization in Programs/ Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Facilities	\$ 565,062	\$ 491,337	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	1,535	273,073	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	607,292	230,276	All Programs	Various tangible goods donated for specific programs	Fair value estimated on the basis of current rates for comparable products
Services	<u>118,275</u>	<u>-</u>	All Programs	Various donated services and employee in-kind matches	Fair value estimated on the basis of current rates for comparable services
Total	<u>\$ 1,292,164</u>	<u>\$ 994,686</u>			

NOTE 13 SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 21, 2026, the date which the consolidated 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 CONSOLIDATED 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 consolidated financial statements of Catholic Charities of the Diocese of Palm Beach, Inc., which comprise the Catholic Charities of the Diocese of Palm Beach, Inc.'s consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 21, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated 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 consolidated 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 were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-01 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Catholic Charities of the Diocese of Palm Beach, Inc.'s consolidated 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 consolidated 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 2025-001.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Catholic Charities of the Diocese of Palm Beach, Inc.'s response to the findings identified in our audit and 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 other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

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
April 21, 2026



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT, REPORT ON INTERNAL CONTROL OVER
COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY
THE UNIFORM GUIDANCE AND STATE OF FLORIDA CHAPTER
10.650, RULES OF THE AUDITOR GENERAL**

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

Report on Compliance for Each Major Federal Program and State Project

Qualified Opinion

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* and the requirements described in the Florida Department of Financial Services' *State Projects 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 and state projects for the year ended June 30, 2025. Catholic Charities of the Diocese of Palm Beach, Inc.'s major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, 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 the major federal programs and state projects for the year ended June 30, 2025.

Basis for Qualified Opinion on Each Major Federal Program and State Project

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) and State of Florida, Chapter 10.650, *Rules of the Auditor General* (Chapter 10.650). Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.650 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. 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 qualified opinion on compliance for each major federal program and state project. 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.

Matter(s) Giving Rise to Qualified Opinion

As described in the accompanying schedule of findings and questioned costs, Catholic Charities of the Diocese of Palm Beach, Inc. did not comply with requirements regarding Assistance Listing No. 93.558 Homeless Challenge Grant as described in finding numbers 2025-002, 2025-003, and 2025-004, Assistance Listing No. 16.320 Services for Trafficking Victims as described in finding numbers 2025-005 and 2025-006, and Assistance Listing No. 64.080 Pregnancy Support Services Program as described in finding numbers 2025-007 and 2025-008.

Compliance with such requirements is necessary, in our opinion, for Catholic Charities of the Diocese of Palm Beach, Inc. to comply with the requirements applicable to those programs.

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 and major state projects.

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*, the Uniform Guidance, and Chapter 10.650 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 and state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, 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 and Chapter 10.650, 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.

Other Matters

Government Auditing Standards require the auditor to perform limited procedures on Catholic Charities of the Diocese of Palm Beach, Inc.'s response to the noncompliance findings identified in our compliance audit 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 other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 material weaknesses and 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 or state project 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 or state project will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-002, 2025-003, 2025-004, 2025-005, 2025-007, and 2025-008 to be material weaknesses.

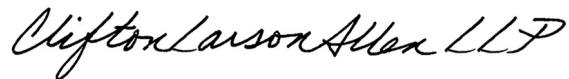
Board of Directors
Catholic Charities of the Diocese of Palm Beach, Inc.

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 or state project 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 item 2025-006 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Catholic Charities of the Diocese of Palm Beach, Inc.'s response to internal control over compliance findings identified in our audit 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 other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Lakeland, Florida
April 21, 2026

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2025**

Grantor/Pass-Through Entity Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures	Passed Through to Subrecipients
FEDERAL AWARDS				
Direct Awards				
Department of Justice				
Services for Trafficking Victims	16.320	15POVC-24-GG-01548-HT	\$ 56,999	\$ -
Services for Trafficking Victims	16.320	15POVC-23-GK-02725-HT	163,233	6,241
Total Assistance Listing Number 16.320			220,232	6,241
Indirect Awards:				
Pass-Through Fla Attorney General: Crime Victim Assistance	16.575	VOCA-2020-Catholic Charities of the - VC722	5,698	-
Total Department of Justice			225,930	6,241
U.S. Department of Health and Human Services				
Pass-Through Palm Beach County: Homeless Challenge Grant	93.558	IP004	210,589	-
Pass-Through U.S. Conference of Catholic Bishops: Refugee and Entrant Assistance Voluntary Agency Programs	93.567	90RV0070-02	281,830	-
Pass-through Early Learning Coalition of Indian River, Martin and Okeechobee Counties: Child Care and Development Block Grant	93.575	2101FLCDC6	4,659	-
Pass-through U.S. Conference of Catholic Bishops: Trafficking Victim Assistance Program	93.598	90ZV0139-01-00	81,381	-
Total U.S. Department of Health and Human Services			578,459	-
U.S. Department of Homeland Security				
Indirect Awards:				
Pass-through United Way Palm Beach County: Emergency Food and Shelter National Board-Phase 41	97.024	168600-002	80,023	-
Total U.S. Department of Homeland Security			80,023	-
Total Expenditures of Federal Awards			\$ 884,412	\$ 6,241
STATE FINANCIAL ASSISTANCE				
Florida Department of Highway Safety and Motor Vehicles				
Pass-through Choose Life, Inc.: Choose Life License Plate Funds	76.124	N/A	29,467	-
Total Florida Department of Highway Safety and Motor Vehicles				
Florida Department of Health				
Pass-through Florida Pregnancy Care Network: Pregnancy Support Services Program	64.080	N/A	795,618	-
Total Florida Department of Health				
Total Expenditures of State Financial Assistance			\$ 825,085	\$ -

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
JUNE 30, 2025

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) includes the federal award and state financial assistance activity of Catholic Charities of the Diocese of Palm Beach, Inc. under programs of the federal and state governments for the year ended June 30, 2025. 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) and State of Florida, Chapter 10.650, *Rules of the Auditor General* (Chapter 10.650). 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 and Chapter 10.650, 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% de minimus indirect cost rate as allowed under the Uniform Guidance and Chapter 10.650.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

Section I – Summary of Auditors’ Results

Consolidated financial statements

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

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? x yes no
 - Significant deficiencies identified? x yes none reported
2. Type of auditors’ report issued on compliance for major federal programs: Qualified
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 93.558	Services for Trafficking Victims Homeless Challenge Grant

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 (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section I – Summary of Auditors’ Results (Continued)

State Financial Assistance

1. Internal control over major state projects:
 - Material weakness(es) identified? x yes no
 - Significant deficiencies identified? yes x none reported
2. Type of auditors’ report issued on compliance for major state projects: Qualified
3. Any audit findings disclosed that are Required to be reported in accordance with Chapter 10.650, Rules of the Auditor General? x yes no

Identification of Major State Projects

Assistance Listing Number(s)	Name of State Project or Cluster
64.080	Pregnancy Support Services Program
Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>300,000</u>
Auditee qualified as low-risk auditee?	<u> </u> yes <u> x </u> no

Section II – Financial Statement Findings

2025-001 Financial Review and Close Process

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: Proposed audit adjustments resulted in significant changes to account balances which were identified during the audit due to the financial review and close process not operating effectively.

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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Effect: There were a pervasive number of adjusting journal entries required to properly state the ending balances as of June 30, 2025. Several areas of the financial statements were overstated or understated, more specifically, accounts receivable, fixed assets, revenue, deferred revenue, and expenses.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section II – Financial Statement Findings (Continued)

Cause: The operation of controls over the financial review and close process was not operating effectively, including insufficient detailed review of year-end account balances.

Repeat Finding: Yes

Recommendation: We recommend the finance team conducts a more in-depth review of the balances of accounts at the year-end close, including detailed account reconciliations, timely identification and reclassification of balances, and analytical reviews (including year-over-year comparisons).

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

Section III – Findings and Questioned Costs – Major Federal Programs

2025 – 002: Cost Sharing and Level of Effort

Federal Agency: U.S. Department of Health and Human Services

Federal Program Name: Homeless Challenge Grant

Assistance Listing Number: 93.558

Federal Award Identification Number and Year: IP004 - 2025

Pass-Through Agency: Palm Beach County Board of County Commissioners

Award Period: July 1, 2024 – June 30, 2025

Type of Finding:

- Material Weakness in Internal Control over Compliance
- Material Noncompliance (Modified Opinion)

Criteria: Cash amounts reported as cost sharing may not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program. In addition, recipients are required to document and meet all level-of-effort requirements and maintain documentation demonstrating compliance with program service requirements as specified in the grant agreement.

Condition: During testing, the Organization did not maintain adequate internal controls to ensure compliance with cost-sharing and level-of-effort requirements under the Homeless Challenge Grant. Specifically, costs reported as cash matching funds included amounts paid with other federal funds, required level-of-effort documentation was incomplete or not reviewed, and the Organization did not meet all required service and effort benchmarks during the grant period.

Questioned costs: \$24,473 of the \$43,664 expenses reported to the grantor were unallowable as determined by the financial reports received.

Context: Audit testing identified multiple compliance failures related to cost sharing and level-of-effort requirements. Of the expenses reported as cash matching funds, \$24,473 were paid using other federal funds. Additionally, documentation supporting required level-of-effort measures was incomplete, and 3 of 6 required effort benchmarks were not met during the grant period.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2025 – 002: Cost Sharing and Level of Effort (Continued)

Cause: The Organization lacked sufficient review controls and monitoring procedures to ensure that cost-sharing expenditures were allowable, level-of-effort documentation was complete, and required program benchmarks were achieved.

Effect: Failure to comply with cost-sharing and level-of-effort requirements could, at the grantor's discretion, jeopardize current or future funding and result in disallowed costs.

Repeat finding: No

Recommendation: Management should strengthen internal review controls to ensure that cost-sharing expenditures are allowable, level-of-effort requirements are fully documented and reviewed, and program benchmarks are monitored throughout the grant period to ensure compliance with grant requirements.

Views of responsible officials: There is no disagreement with the audit finding.

2025 – 003: Eligibility

Federal Agency: U.S. Department of Health and Human Services

Federal Program Name: Homeless Challenge Grant

Assistance Listing Number: 93.558

Federal Award Identification Number and Year: IP004 - 2025

Pass-Through Agency: Palm Beach County Board of County Commissioners

Award Period: July 1, 2024 – June 30, 2025

Type of Finding:

- Material Weakness in Internal Control over Compliance

Criteria: Eligibility determinations must be reviewed by an individual other than the preparer to ensure that only eligible participants are served in accordance with the grant agreement.

Condition: During our testing, we noted that the Organization did not have adequate internal controls to ensure eligibility intake forms were reviewed by an individual other than the preparer.

Questioned costs: None.

Context: Of the eight eligibility intake forms selected for testing, four were not reviewed by an individual other than the preparer. The review of intake forms is the sole key control over participant eligibility for this program.

Cause: The Organization lacked a review process requiring eligibility determinations to be reviewed by someone independent of the preparer.

Effect: Without an independent review of eligibility determinations, the Organization could allow ineligible participants into the program, resulting in noncompliance with grant requirements and potential disallowed costs.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2025 – 003: Eligibility (Continued)

Repeat finding: No

Recommendation: Eligibility intake forms should be reviewed by an individual other than the preparer to ensure that only eligible participants are served under the Homeless Challenge Grant.

Views of responsible officials: There is no disagreement with the audit finding.

2025 – 004: Allowable Costs

Federal Agency: U.S. Department of Health and Human Services

Federal Program Name: Homeless Challenge Grant

Assistance Listing Number: 93.558

Federal Award Identification Number and Year: IP004 - 2025

Pass-Through Agency: Palm Beach County Board of County Commissioners

Award Period: July 1, 2024 – June 30, 2025

Type of Finding:

- Material Weakness in Internal Control over Compliance
- Material Noncompliance (Modified Opinion)

Criteria: Payroll and other costs charged to a federal award must be supported by adequate documentation demonstrating that the costs were incurred, are allowable, and are allocable to the program in accordance with the terms of the grant agreement and federal cost principles.

Condition: During our testing, we noted the Organization did not have adequate documentation to support the total amount of payroll expenses requested for reimbursement under the Homeless Challenge Grant.

Questioned costs: \$30,730 of the \$60,782 payroll expenses requested for reimbursement could not be substantiated with supporting documentation.

Context: The grant allows payroll expenses to be allocated evenly throughout the grant period. However, the Organization was unable to provide supporting documentation for \$30,730 of the \$60,782 requested for reimbursement for payroll costs during the audit period.

Cause: The Organization lacked adequate documentation and review controls to ensure payroll expenses charged to the grant were fully supported and properly substantiated.

Effect: Without adequate documentation, payroll costs may be requested for reimbursement that were not actually incurred or are otherwise unallowable, which could result in disallowed costs and jeopardize current or future funding.

Repeat finding: No

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2025 – 004: Allowable Costs (Continued)

Recommendation: Management should ensure that all payroll costs charged to the program are supported by adequate documentation demonstrating that the costs were incurred and allocable to the Homeless Challenge Grant.

Views of responsible officials: There is no disagreement with the audit finding.

2025 – 005: Eligibility and Procurement

Federal Agency: U.S. Department of Justice

Federal Program Name: Services for Trafficking Victims

Assistance Listing Number: 16.320

Federal Award Identification Number and Year: 15POVC-23-GK-02725-HT; 15POVC-24-GG-01548-HT

Pass-Through Agency: Palm Beach County Board of County Commissioners

Award Period: October 1, 2023 – September 30, 2026; October 1, 2024 – September 30, 2027

Type of Finding:

- Material Weakness in Internal Control over Compliance

Criteria: Eligibility determinations must be reviewed by an individual other than the preparer to ensure only eligible participants are served. In addition, recipients are required to maintain written procurement policies and procedures that comply with Uniform Guidance requirements, including procedures for procurements exceeding the micro-purchase threshold.

Condition: During our testing, we noted the Organization did not have adequate internal controls to ensure compliance with eligibility and procurement requirements. Specifically, eligibility assessments were not reviewed by an individual other than the preparer, and the Organization's procurement policy did not address procurement requirements for vendors other than construction, as required by Uniform Guidance.

Questioned costs: None

Context: All nine eligibility assessments selected for testing were not reviewed by an individual other than the preparer. The review of eligibility assessments is the sole key control over participant eligibility for this program and is therefore pervasive. Additionally, while the Organization maintains a procurement policy for construction vendors, the policy does not address procurement requirements applicable to other vendor types, increasing the risk of noncompliant purchasing practices.

Cause: The Organization lacked sufficient review procedures over eligibility determinations and did not maintain comprehensive procurement policies that address all Uniform Guidance procurement requirements.

Effect: Without independent review of eligibility determinations, the Organization could allow ineligible participants into the program. Inadequate procurement policies increase the risk that purchases are made inconsistently or in noncompliance with federal requirements, potentially resulting in disallowed costs or questioned expenditures.

Repeat finding: No

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2025 – 005: Eligibility and Procurement (Continued)

Recommendation: Management should implement a review process requiring eligibility assessments to be reviewed by an individual other than the preparer and update procurement policies to fully comply with Uniform Guidance requirements, including procedures for procurements exceeding the micro-purchase threshold.

Views of responsible officials: There is no disagreement with the audit finding.

2025 – 006: Period of Performance

Federal Agency: U.S. Department of Justice

Federal Program Name: Services for Trafficking Victims

Assistance Listing Number: 16.320

Federal Award Identification Number and Year: 15POVC-24-GG-01548-HT

Pass-Through Agency: Palm Beach County Board of County Commissioners

Award Period: October 1, 2024 – September 30, 2027

Type of Finding:

- Significant deficiency in Internal Control over Compliance

Criteria: Expenses requested for reimbursement must be incurred during the approved grant period in accordance with the terms and conditions of the federal award.

Condition: During our testing, we noted the Organization requested reimbursement for costs that were incurred outside the approved grant period.

Questioned costs: \$168.34 was calculated as unallowable after calculating the portion of the invoice attributable to dates outside the award period.

Context: Of the 5 expenses selected for testing related to reimbursement requests during the first month of the grant period, 3 were partially incurred prior to the beginning of the grant period.

Cause: The Organization lacked sufficient review procedures to ensure that expenses submitted for reimbursement were incurred within the approved grant period.

Effect: Without adequate controls over period-of-performance requirements, the Organization could request reimbursement for unallowable costs, resulting in disallowed expenditures and potential repayment to the grantor.

Repeat finding: No

Recommendation: Management should implement review procedures to ensure that all expenses submitted for reimbursement are incurred within the approved grant period prior to submission.

Views of responsible officials: There is no disagreement with the audit finding.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section IV – Findings and Questioned Costs – Major State Projects

2025 – 007: Eligibility and Reporting

State Agency: Florida Department of Health
State Program Name: Pregnancy Support Services Program
Assistance Listing Number: 64.080
State Award Identification Number and Year: FPPSSP 24-25
Pass-Through Agency: Florida Pregnancy Care Network
Award Period: July 1, 2024 – June 30, 2025
Type of Finding:

- Material Weakness in Internal Control over Compliance

Criteria: Eligibility determinations and program documentation must be reviewed by an individual other than the preparer to ensure that only eligible participants are served and that financial and programmatic reports submitted to the pass-through entity are accurate and complete, in accordance with program requirements.

Condition: During our testing, we noted the Organization did not have adequate internal controls to ensure review of eligibility documentation and financial reports occurred. Specifically, the eligibility intake forms and financial reports were not reviewed by an individual other than the preparer.

Questioned costs: None.

Context: All 40 of the 40 Pregnancy Support Services Program Services Provided Checklists selected for testing were not reviewed by an individual other than the preparer. In addition, 8 of the 9 financial reports selected for testing were not reviewed by an individual other than the preparer. The review of eligibility documentation and financial reports represents the sole key controls over eligibility and reporting for this program, making the deficiencies pervasive.

Cause: The Organization lacked sufficient review procedures requiring eligibility documentation and financial reports to be independently reviewed prior to submission.

Effect: Without independent review of eligibility documentation and financial reports, the Organization could allow ineligible participants into the program and submit inaccurate or unsupported information, resulting in noncompliance with program requirements.

Repeat finding: No

Recommendation: Management should implement review procedures requiring the intake forms and financial reports to be reviewed by an individual other than the preparer to ensure compliance with Pregnancy Support Services Program eligibility and reporting requirements.

Views of responsible officials: There is no disagreement with the audit finding.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section IV – Findings and Questioned Costs – Major State Projects (Continued)

2025 – 008: Allowable Costs

State Agency: Florida Department of Health
State Program Name: Pregnancy Support Services Program
Assistance Listing Number: 64.080
State Award Identification Number and Year: FPPSSP 24-25
Pass-Through Agency: Florida Pregnancy Care Network
Award Period: July 1, 2024 – June 30, 2025
Type of Finding:

- Material Weakness in Internal Control over Compliance

Criteria: Costs reported as incurred under the program must be supported by documentation of the time and effort spent to ensure that payroll costs are allowable, allocable, and properly supported in accordance with program requirements.

Condition: During our testing, we noted the Organization allocates payroll costs based on the time an employee spends at a location; however, there was no supportable documentation to substantiate the allocation of payroll costs charged to the Pregnancy Support Services Program.

Questioned costs: None.

Context: All 8 of the 8 payroll costs selected for testing lacked supportable documentation of the employees' time spent at the program location.

Cause: The Organization lacked a system or process to document and support the allocation of employees' payroll costs by location.

Effect: Without supportable documentation, the Organization may record payroll costs that exceed the actual costs incurred under the program, resulting in noncompliance with allowable cost requirements.

Repeat finding: No

Recommendation: Management should implement a system to document and support the time employees spend at each location to ensure payroll costs charged to the Pregnancy Support Services Program are properly supported and allowable.

Views of responsible officials: There is no disagreement with the audit finding.



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