

**Catholic Charities,
Diocese of Venice, Inc.**

Financial Statements,
Supplemental Information,
Contract Compliance and
Independent Auditor's Report
June 30, 2017 and 2016

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Kerkering, Barberio & Co.
Certified Public Accountants

Independent Auditor's Report

The Board of Directors
Catholic Charities, Diocese of Venice, Inc.
Venice, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Catholic Charities, Diocese of Venice, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2017 and 2016, 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.

Auditor's 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor's 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 Catholic Charities, Diocese of Venice, Inc. as of June 30, 2017 and 2016, and the results of its operations, changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplemental and other information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The Schedule of Revenues and Expenses - Lee County Funded Programs of Catholic Charities is not a required part of the financial statements. Such information is the responsibility of the Organization's 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2017 on our consideration of Catholic Charities, Diocese of Venice, Inc.'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 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 Catholic Charities, Diocese of Venice, Inc.'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 Catholic Charities, Diocese of Venice, Inc.'s internal control over financial reporting and compliance.



Sarasota, Florida
October 31, 2017

Catholic Charities, Diocese of Venice, Inc.

Statements of Financial Position

June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets:		
Cash and cash equivalents - unrestricted	\$ 1,497,564	\$ 963,561
Cash and cash equivalents - board designated	1,008,746	1,212,195
Cash and cash equivalents - temporarily restricted	1,707,164	1,728,034
Contracts and grants receivable	407,068	222,406
Accounts receivable	75,796	63,962
Current portion of officer's loan receivable	4,270	9,652
Prepaid insurance and other expenses	167,076	176,475
Total current assets	<u>4,867,684</u>	<u>4,376,285</u>
Beneficial interest in gift annuities	76,473	74,371
Officer's loan receivable, net of current portion	-	4,628
Land, building and equipment, net	<u>4,996,431</u>	<u>4,542,307</u>
Total Assets	<u>\$ 9,940,588</u>	<u>\$ 8,997,591</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 212,542	\$ 90,103
Accrued expenses	487,672	327,932
Refundable advances	41,614	1,057
Current portion of long-term debt	92,054	90,137
Total current liabilities	<u>833,882</u>	<u>509,229</u>
Other Liabilities:		
Long-term debt, net of current portion	<u>731,984</u>	<u>822,355</u>
Total liabilities	<u>1,565,866</u>	<u>1,331,584</u>
Net Assets:		
Unrestricted		
Undesignated	1,472,466	1,081,287
Board designated	1,008,746	1,212,195
Designated for land, building and equipment	4,172,393	3,629,815
Total unrestricted	<u>6,653,605</u>	<u>5,923,297</u>
Temporarily restricted	1,707,164	1,728,034
Permanently restricted	13,953	14,676
Total net assets	<u>8,374,722</u>	<u>7,666,007</u>
Total Liabilities and Net Assets	<u>\$ 9,940,588</u>	<u>\$ 8,997,591</u>

See accompanying notes to financial statements.

Catholic Charities, Diocese of Venice, Inc.

Statement of Activities
Year Ended June 30, 2017
(With Summarized Totals for 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Support:			
Diocese of Venice	\$ 1,678,475	\$ -	\$ -
Contributions	2,229,584	354,725	-
Government grants and contracts	1,423,313	1,334	-
United Way grants	264,715	14,762	-
Catholic and other organizations	448,561	32,005	-
Other grants	60,719	415,282	-
Total support	<u>6,105,367</u>	<u>818,108</u>	<u>-</u>
Revenue:			
Program service fees	569,725	-	-
Interest and dividends	96,072	-	-
Change in value of gift annuities	2,825	-	(723)
Other income	31,167	-	-
Total revenue	<u>699,789</u>	<u>-</u>	<u>(723)</u>
Net assets released from restriction	<u>838,978</u>	<u>(838,978)</u>	<u>-</u>
Special events revenue	1,576,726	-	-
Less direct costs of special events	<u>(515,055)</u>	<u>-</u>	<u>-</u>
Net revenue from special events	<u>1,061,671</u>	<u>-</u>	<u>-</u>
Total support, revenue and reclassifications	<u>8,705,805</u>	<u>(20,870)</u>	<u>(723)</u>
Expenses:			
Program services	7,295,159	-	-
Management and general	336,294	-	-
Fund raising	344,044	-	-
Total expenses	<u>7,975,497</u>	<u>-</u>	<u>-</u>
Loss on disposal of assets	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	730,308	(20,870)	(723)
Net assets at beginning of year	<u>5,923,297</u>	<u>1,728,034</u>	<u>14,676</u>
Net assets at end of year	<u>\$ 6,653,605</u>	<u>\$ 1,707,164</u>	<u>\$ 13,953</u>

<u>2017</u> <u>Total</u>	<u>2016</u> <u>Total</u>
\$ 1,678,475	\$ 1,564,374
2,584,309	2,215,114
1,424,647	1,454,009
279,477	303,021
480,566	520,071
476,001	760,194
<u>6,923,475</u>	<u>6,816,783</u>
569,725	531,403
96,072	85,455
2,102	(544)
31,167	33,517
<u>699,066</u>	<u>649,831</u>
-	-
1,576,726	1,543,956
(515,055)	(502,109)
<u>1,061,671</u>	<u>1,041,847</u>
<u>8,684,212</u>	<u>8,508,461</u>
7,295,159	7,202,268
336,294	364,042
344,044	294,311
<u>7,975,497</u>	<u>7,860,621</u>
-	(490)
708,715	647,350
7,666,007	7,018,657
<u>\$ 8,374,722</u>	<u>\$ 7,666,007</u>

See accompanying notes to financial statements.

Catholic Charities, Diocese of Venice, Inc.

Statement of Activities
Year Ended June 30, 2016
(With Summarized Totals for 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Support:			
Diocese of Venice	\$ 1,564,374	\$ -	\$ -
Contributions	1,857,811	357,303	-
Government grants and contracts	1,446,266	7,743	-
United Way grants	286,793	16,228	-
Catholic and other organizations	486,490	33,581	-
Other grants	225,672	534,522	-
Total support	<u>5,867,406</u>	<u>949,377</u>	<u>-</u>
Revenue:			
Program service fees	531,403	-	-
Interest and dividends	85,455	-	-
Change in value of gift annuities	(4,890)	-	4,346
Other income	33,517	-	-
Total revenue	<u>645,485</u>	<u>-</u>	<u>4,346</u>
Net assets released from restriction	<u>687,772</u>	<u>(687,772)</u>	<u>-</u>
Special events revenue	1,543,956	-	-
Less direct costs of special events	<u>(502,109)</u>	<u>-</u>	<u>-</u>
Net revenue from special events	<u>1,041,847</u>	<u>-</u>	<u>-</u>
Total support, revenue and reclassifications	<u>8,242,510</u>	<u>261,605</u>	<u>4,346</u>
Expenses:			
Program services	7,202,268	-	-
Management and general	364,042	-	-
Fund raising	294,311	-	-
Total expenses	<u>7,860,621</u>	<u>-</u>	<u>-</u>
Loss on disposal of assets	<u>(490)</u>	<u>-</u>	<u>-</u>
Change in net assets	381,399	261,605	4,346
Net assets at beginning of year	<u>5,541,898</u>	<u>1,466,429</u>	<u>10,330</u>
Net assets at end of year	<u>\$ 5,923,297</u>	<u>\$ 1,728,034</u>	<u>\$ 14,676</u>

<u>2016</u> <u>Total</u>	<u>2017</u> <u>Total</u>
\$ 1,564,374	\$ 1,678,475
2,215,114	2,584,309
1,454,009	1,424,647
303,021	279,477
520,071	480,566
760,194	476,001
<u>6,816,783</u>	<u>6,923,475</u>
531,403	569,725
85,455	96,072
(544)	2,102
33,517	31,167
<u>649,831</u>	<u>699,066</u>
<u>-</u>	<u>-</u>
1,543,956	1,576,726
(502,109)	(515,055)
<u>1,041,847</u>	<u>1,061,671</u>
<u>8,508,461</u>	<u>8,684,212</u>
7,202,268	7,295,159
364,042	336,294
294,311	344,044
<u>7,860,621</u>	<u>7,975,497</u>
<u>(490)</u>	<u>-</u>
647,350	708,715
7,018,657	7,666,007
<u>\$ 7,666,007</u>	<u>\$ 8,374,722</u>

See accompanying notes to financial statements.

Catholic Charities, Diocese of Venice, Inc.

Statement of Functional Expenses

Year Ended June 30, 2017

(With Summarized Totals for 2016)

	<u>Family Reunification</u>	<u>Prevention and Social Services</u>	<u>Counseling and Education</u>	<u>Total Program Services</u>
Salaries	\$ 1,050,500	\$ 1,207,014	\$ 1,406,012	\$ 3,663,526
Employee benefits	284,742	331,389	326,118	942,249
Specific assistance	243,236	531,510	78,457	853,203
Outside services	73,039	38,713	87,458	199,210
Rent and utilities	95,225	74,181	42,481	211,887
Payroll taxes	77,224	87,995	103,022	268,241
Maintenance and equipment	108,868	93,518	73,753	276,139
Depreciation	50,216	146,135	35,099	231,450
Communications	29,399	30,722	24,341	84,462
Office supplies and postage	16,313	37,094	29,645	83,052
Religious stipends	-	110,781	-	110,781
Travel	33,933	44,352	21,040	99,325
Promotion	4,950	5,155	3,548	13,653
Printing	14,299	16,426	13,389	44,114
Other	1,022	9,663	19,720	30,405
Conferences, meetings and dues	10,379	4,248	9,534	24,161
Professional fees	9,308	16,587	12,299	38,194
Housing	-	7,613	-	7,613
General insurance	15,744	12,354	11,727	39,825
Staff training and recruiting	1,205	940	2,633	4,778
Interest expense	-	37,178	-	37,178
Grant expense	-	31,713	-	31,713
Total functional expenses	\$ <u>2,119,602</u>	\$ <u>2,875,281</u>	\$ <u>2,300,276</u>	\$ <u>7,295,159</u>

Management and General	Fund Raising	2017 Total	2016 Total
\$ 113,823	\$ 107,251	\$ 3,884,600	\$ 3,680,324
26,665	17,015	985,929	1,075,201
-	-	853,203	761,513
81,481	67,094	347,785	401,044
44,679	1,299	257,865	277,523
5,527	7,861	281,629	272,517
12,042	2,298	290,479	346,391
-	-	231,450	190,363
4,945	2,848	92,255	96,721
4,875	16,084	104,011	102,597
-	-	110,781	104,424
4,731	5,437	109,493	108,024
3,883	106,821	124,357	83,870
1,221	2,149	47,484	70,452
7,794	308	38,507	57,860
20,611	2,148	46,920	49,000
3,307	545	42,046	36,951
-	-	7,613	29,371
-	711	40,536	36,020
710	4,175	9,663	6,313
-	-	37,178	44,235
-	-	31,713	29,907
<u>\$ 336,294</u>	<u>\$ 344,044</u>	<u>\$ 7,975,497</u>	<u>\$ 7,860,621</u>

See accompanying notes to financial statements.

Catholic Charities, Diocese of Venice, Inc.

Statement of Functional Expenses

Year Ended June 30, 2016

(With Summarized Totals for 2017)

	<u>Family Reunification</u>	<u>Prevention and Social Services</u>	<u>Counseling and Education</u>	<u>Total Program Services</u>
Salaries	\$ 1,093,528	\$ 1,112,137	\$ 1,305,420	\$ 3,511,085
Employee benefits	300,155	380,912	362,885	1,043,952
Specific assistance	205,994	484,434	71,085	761,513
Outside services	63,362	50,577	66,505	180,444
Rent and utilities	95,583	78,379	59,218	233,180
Payroll taxes	80,848	82,659	96,390	259,897
Maintenance and equipment	137,726	104,282	96,810	338,818
Depreciation	50,216	105,048	35,099	190,363
Communications	31,466	32,860	25,683	90,009
Office supplies and postage	23,226	30,992	30,794	85,012
Religious stipends	-	104,424	-	104,424
Travel	37,880	39,413	22,841	100,134
Promotion	7,908	15,229	3,850	26,987
Printing	10,874	15,261	15,173	41,308
Other	5,392	11,835	20,722	37,949
Conferences, meetings and dues	17,755	1,560	8,382	27,697
Professional fees	8,761	10,806	9,996	29,563
Housing	-	29,371	-	29,371
General insurance	16,519	6,837	10,523	33,879
Staff training and recruiting	1,094	900	547	2,541
Interest expense	-	44,235	-	44,235
Grant expense	-	29,907	-	29,907
Total functional expenses	\$ <u>2,188,287</u>	\$ <u>2,772,058</u>	\$ <u>2,241,923</u>	\$ <u>7,202,268</u>

Management and General	Fund Raising	2016 Total	2017 Total
\$ 97,196	\$ 72,043	\$ 3,680,324	\$ 3,884,600
18,032	13,217	1,075,201	985,929
-	-	761,513	853,203
132,808	87,792	401,044	347,785
43,188	1,155	277,523	257,865
7,265	5,355	272,517	281,629
3,851	3,722	346,391	290,479
-	-	190,363	231,450
4,156	2,556	96,721	92,255
7,346	10,239	102,597	104,011
-	-	104,424	110,781
5,420	2,470	108,024	109,493
-	56,883	83,870	124,357
1,320	27,824	70,452	47,484
14,236	5,675	57,860	38,507
18,736	2,567	49,000	46,920
6,814	574	36,951	42,046
-	-	29,371	7,613
1,413	728	36,020	40,536
2,261	1,511	6,313	9,663
-	-	44,235	37,178
-	-	29,907	31,713
<u>\$ 364,042</u>	<u>\$ 294,311</u>	<u>\$ 7,860,621</u>	<u>\$ 7,975,497</u>

See accompanying notes to financial statements.

Catholic Charities, Diocese of Venice, Inc.

Statements of Cash Flows
Years Ended June 30, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities:		
Change in net assets	\$ 708,715	\$ 647,350
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	231,450	190,363
Loss on disposal of assets	-	490
Change in value of gift annuities	(2,102)	544
Change in operating assets:		
Contracts and grants receivable	(184,662)	(531)
Accounts receivable	(11,834)	(21,177)
Prepaid insurance and other expenses	9,399	(5,676)
Change in operating liabilities:		
Accounts payable	122,439	(28,542)
Accrued expenses	159,740	(160,498)
Refundable advances	40,557	(6,552)
Total adjustments	364,987	(31,579)
Net cash provided by operating activities	1,073,702	615,771
Cash Flows from Investing Activities:		
Purchases of land, building and equipment	(685,574)	(287,150)
Proceeds from sale of land, buildings and equipment	-	160
Net cash used in investing activities	(685,574)	(286,990)
Cash Flows from Financing Activities:		
Payments on long-term debt	(88,454)	(202,618)
Payments received from Officer's loan receivable	10,010	9,646
Net cash used in financing activities	(78,444)	(192,972)
Net change in cash and cash equivalents	309,684	135,809
Cash and cash equivalents - beginning of year	3,903,790	3,767,981
Cash and cash equivalents - end of year	\$ 4,213,474	\$ 3,903,790

Supplemental disclosure of cash flow information:

Cash paid during the year for interest totaled \$37,299 and \$44,974 in 2017 and 2016, respectively.

See accompanying notes to financial statements.

Catholic Charities, Diocese of Venice, Inc.

Notes to Financial Statements

June 30, 2017 and 2016

I. Organization and Nature of Operations

Catholic Charities, Diocese of Venice, Inc. (Catholic Charities), is a not-for-profit 501(c)(3) charitable organization exempt from federal income taxes and established for the purpose of providing social services to individuals and families without distinction of race or religion in Southwest Florida, and has the ability to administer services in other languages, including Spanish and Creole in a culturally competent manner within the counties of Charlotte, Collier, DeSoto, Glades, Hardee, Hendry, Highlands, Lee, Manatee, and Sarasota.

Catholic Charities has numerous sites in the above ten counties and provides a variety of services that include: individual and family counseling, direct financial assistance to families in need, immigration and legalization processing, refugee resettlement and employment, after-school tutoring, English as a second or other language, citizenship, summer camps, housing counseling services, elderly outreach, day care for working poor, case management and shelter services for women and their infant children, and community centers for persons affected with HIV/AIDS.

Catholic Charities has, among its staff, certified personnel who are recognized by the federal Immigration and Naturalization Office (INS) to complete federal documents regarding citizenship and other formal requirements to allow non-citizens to be legally present in the United States of America.

2. Summary of Significant Accounting Policies

Use of Estimates and Assumptions

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. These 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 amounts of revenues and expenses during the period. Actual results could differ from those estimates and assumptions.

Financial Statements

The financial statements and notes are representations of Catholic Charities' management who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and services 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.

Basis of Presentation

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

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to explicit or implicit donor-imposed stipulations that will be met either by actions of Catholic Charities and/or the passage of time.

Catholic Charities, Diocese of Venice, Inc.

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Permanently restricted assets - Net assets subject to donor-imposed stipulations to be maintained permanently by Catholic Charities. Generally, the donors of these assets permit Catholic Charities to use all or part of the income earned on related investments for general or specific purposes.

Revenue Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received with donor stipulations that restrict the use of donated assets, or have time restrictions, are treated as temporarily restricted net assets. When the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same year as when the donation is received are reported as unrestricted support.

Gifts of cash restricted for the purpose of acquiring or constructing long-lived assets are recorded as temporarily restricted net assets until the long-lived asset is acquired or constructed at which time the net assets are released from the restriction and reclassified to unrestricted net assets.

Grants, which are limited to the use of various Catholic Charities' programs, are reflected as unrestricted revenue if these funds are received and spent during the same year and if they support the activities of Catholic Charities within the limits of Catholic Charities' articles of organization.

Cash and Cash Equivalents

For the purpose of the Statements of Cash Flows, cash and cash equivalents represents cash on hand and in bank accounts with original maturities of three months or less.

Restricted Cash Equivalents

Cash and cash equivalents are considered restricted when received and donor stipulations have not been satisfied.

Contracts and Grants Receivable

Contracts and grants receivable relate to amounts due to Catholic Charities from federal, state and local contracts relating to immigration, refugee and other social programs. Management considers all contracts and grants due to be fully collectible. Management determines the appropriateness of an allowance for bad debts based upon its review of existing receivables and historical collections by individual agencies.

Accounts Receivable

Accounts receivable consists primarily of program fees. Management evaluates the receivables monthly. Management determines the appropriateness of an allowance for bad debts based upon its review of existing receivables and historical collections by individual payer. Management considers all accounts receivable due to be fully collectible. Therefore, no allowance for uncollectible accounts has been recorded in the accompanying financial statements.

Catholic Charities, Diocese of Venice, Inc.

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

2. Summary of Significant Accounting Policies (Continued)

Beneficial Interest in Gift Annuities

Catholic Charities has been named beneficiary of three gift annuity agreements. The recorded beneficial interest is Catholic Charities' portion of the charitable remainder interest of the annuities and is based upon actuarial assumptions. Contributions of charitable gift annuities are recorded when Catholic Charities is informed of the contribution and its interest is irrevocable. The present values of payments to beneficiaries under these arrangements are calculated using applicable tax discount rates at year end. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as changes in the value of the gift annuities on the Statements of Activities. Charitable gift annuities are classified as unrestricted, temporarily restricted and permanently restricted based upon the individual gift agreements.

Land, Building and Equipment

Land, building and equipment are stated at historical cost at the date of acquisition or fair value at the date of donation, in the case of gifts. Land, building and equipment are recorded as unrestricted net assets or temporarily restricted net assets, in the case of donations with time stipulations.

Expenditures exceeding \$5,000 that significantly add to the productivity or extend the useful lives of property and equipment are capitalized. Other expenditures for maintenance and repairs are charged to operations in the year the costs are incurred. In accordance with contract provisions, Catholic Charities has segregated and identified property and equipment that has been purchased or improved with funds received from government agencies. These agencies maintain a reversionary interest in the respective property and equipment. Depreciation is provided for over the estimated service lives of the respective assets on a straight-line basis for periods ranging from three to forty years.

Refundable Advances

Catholic Charities receives advances on certain government contracts based upon the estimated cost of providing specific services. Advances for services that have not yet been performed as of June 30, 2017 and 2016 are classified as liabilities in the accompanying Statements of Financial Position.

Income Tax Status

Catholic Charities is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been provided for.

Under the Income Taxes Topic of the FASB Accounting Standards Codification, Catholic Charities has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of Catholic Charities.

Catholic Charities files income tax returns in the U.S. federal jurisdiction. The tax periods open to examination by the major taxing jurisdictions to which Catholic Charities is subject includes fiscal years ended June 30, 2014 through June 30, 2017.

Catholic Charities, Diocese of Venice, Inc.

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

2. Summary of Significant Accounting Policies (Continued)

Donated Materials, Services and Space

A substantial number of volunteers have donated a significant amount of time to Catholic Charities' program services. However, donated services have not been recorded in the financial statements since no objective basis is available to measure the value of such services. Additionally, the Diocese of Venice (Diocese) has provided office space to Catholic Charities at no charge. The fair market value of the donated space in the amount of \$38,600 and \$37,843 is recorded in the accompanying financial statements for the years ended June 30, 2017 and 2016, respectively, and is included in contributions and rent expense on the Statement of Activities. Furthermore, Catholic Charities receives free rent at various facilities. However, they are required to pay utilities, ground maintenance, and building upkeep and repairs. The fair value of this space provided is not readily determinable and has not been included in the accompanying financial statements.

Financial Instruments Not Measured at Fair Value

Catholic Charities' financial instruments, with the exception of investments, are not measured at fair value on a recurring basis, but are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such financial assets and financial liabilities include cash and cash equivalents, contracts and grants receivable, accounts receivable, prepaid insurance and other expenses, officer's loan receivable, accounts payable, accrued expenses, and refundable advances.

3. Land, Building and Equipment

Land, building and equipment consisted of the following as of June 30:

	2017	2016
Land	\$ 1,561,222	\$ 1,561,222
Buildings	4,815,221	4,658,903
Equipment	428,325	428,325
Vehicles	187,960	156,737
Construction in process	664,046	166,014
	<u>7,656,774</u>	<u>6,971,201</u>
Less accumulated depreciation	2,660,343	2,428,894
Land, building and equipment, net	<u>\$ 4,996,431</u>	<u>\$ 4,542,307</u>

Depreciation expense for the years ended June 30, 2017 and 2016 totaled \$231,450 and \$190,363, respectively.

4. Long-Term Debt

Mortgage Payable

During the fiscal year 2005, Catholic Charities incurred a mortgage, which is payable to the County of Sarasota. This note bears interest at the rate of 0% per annum and will be forgiven in full on August 1, 2024. Within this twenty-year period, the note is due and payable upon the sale of the property or when the property is no longer used to house persons in accordance with the Subrecipient Agreement. The note is secured by a lien on certain real property, and may be prepaid in full at any time without penalty. As of June 30, 2017 and 2016, the balance was \$80,000 and is included in long-term debt.

Catholic Charities, Diocese of Venice, Inc.

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

4. Long-Term Debt (Continued)

Promissory Note

On February 1, 2015, Catholic Charities incurred a loan payable to the Diocese of Venice (related party - see Note 11) in the principal amount of \$1,100,000. Proceeds of the loan were used to purchase a building in Naples, Florida, replacing a leased facility. The new building is known as the Judy Sullivan Family Resource Center, and houses a food pantry, homelessness prevention initiative, and education programs. Interest accrues at a variable rate based upon the current rate established by the Trustees of the Diocese of Venice Savings and Loan Trust Fund, adjusted from time to time, with a current rate of 4.75%. Principal and interest payments are payable in monthly installments of \$10,440, with the loan due and payable in full on June 1, 2024. The loan agreement stipulates that the loan may be prepaid in whole or part at anytime without penalty. As of June 30, 2017 and 2016, the balance was \$744,038 and \$832,492, respectively.

Future principal payments of the promissory note payable are as follows for the years ended June 30:

2018	\$	92,054
2019		96,523
2020		101,144
2021		106,119
2022		111,271
Thereafter		236,927
Total	\$	744,038

5. Board Designated Net Assets

As of June 30, 2017 and 2016, Catholic Charities had Board designated net assets of the following for future program services:

	2017	2016
Boca Grande Child Care Center	\$ 122,475	\$ 122,475
District 3 - Naples	315,879	500,000
District 3 - Guadalupe Social Services - Immokalee	73,114	100,000
Capital Facility Needs	85,720	85,720
Disaster Loss	400,000	400,000
Veteran's House	11,558	4,000
Total board designated net assets	\$ 1,008,746	\$ 1,212,195

6. Temporarily Restricted Net Assets

Temporarily restricted net assets available as of June 30 are for the following:

	2017	2016
Clare House	\$ 4,191	\$ 6,366
Counseling	32,360	37,147
Direct assistance	360,314	337,151
Rural services programs	60,325	98,810
Guadalupe Social Services	47,439	-
Other	495,097	427,631
Our Mothers' House	226,948	299,347
Catholic Hispanic Social Services	118,537	178,486
Bethesda House	1,247	1,540
Boca Grande Child Care Center	360,706	341,556
Total temporarily restricted net assets	\$ 1,707,164	\$ 1,728,034

Catholic Charities, Diocese of Venice, Inc.

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

7. Permanently Restricted Net Assets

As of June 30, 2017 and 2016, Catholic Charities had gift annuities which are permanently restricted net assets in the amount of \$13,953 and \$14,676, respectively.

8. Net Assets Released from Restrictions

Net assets released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donor for the years ended June 30 are for the following:

	2017	2016
Boca Grande Child Care Center	\$ 15,850	\$ -
Clare House	2,175	111
Counseling	37,393	34,574
Direct assistance	106,159	130,851
Rural services programs	47,523	4,182
Guadalupe Social Services	-	18,774
Other	304,739	443,460
Our Mothers' House	248,174	21,538
Catholic Hispanic Social Services	76,672	32,741
Bethesda House	293	1,541
Total net assets released from restrictions	\$ 838,978	\$ 687,772

9. Employee Retirement Plans

Catholic Charities makes contributions to a multi-employer defined benefit pension plan and a 403(b) Plan. These payments are made through the Diocese of Venice Retirement Program Trust. The Plan covers eligible employees from the Diocese of Venice, as well as certain parishes and schools.

The Pension Plan is a noncontributory defined benefit pension plan established July 1, 2012 by a spin-off from the Seventh Amended and Restated Pension Plan for Employees within the Archdiocese of Miami/Diocese of Venice (Prior Plan). The Pension Plan is a qualified plan and is exempt from income taxes under the provisions of the Internal Revenue Code (IRC). The Pension Plan is a "Church Plan" as defined in Section 414(e) of the IRC and is exempt from Title I of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The Pension Plan was most recently amended effective July 1, 2014.

The Pension Plan covers all members in the Prior Plan who are designated as Transferred members immediately prior to July 1, 2012. All other employees of the Diocese, as defined by the Pension plan, were able to commence participation immediately or upon their subsequent employment, appointment, assignment, re-employment, reappointment, or reassignment. Effective July 1, 2014, the Pension Plan was frozen with regard to participation of certain Lay employees based on their years of service and no Lay employee hired on or after July 1, 2014 is eligible to participate in the Pension Plan.

Catholic Charities, Diocese of Venice, Inc.

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

9. Employee Retirement Plans (Continued)

The following table discloses quantitative information of the Pension Plan as of and for the year ended February 1, 2017, which is the date of the latest actuarial valuation.

Legal Name and Plan Number	Plan EIN	Actuarial present value of accumulated plan benefits	Fair value of plan assets	Total contributions	Long Term Funded Status
Diocese of Venice Pension Plan & Trust, Number 001	45-6947361	\$ 115,017,893	\$ 98,699,342	\$ 3,034,512	86%

Effective July 1, 2014, Catholic Charities became a participant in an Internal Revenue Code 403(b) sponsored by the Diocese of Venice. Contributions to the 403(b) plan are made by employees through salary deferrals as well as by the Diocese in both a non-contributory and matching component. The plan is exempt from the reporting requirements of ERISA.

Contributions to the plans by Catholic Charities for the years ended June 30, 2017 and 2016 totaled \$326,940 and \$380,369, respectively.

10. Lease Commitments

Equipment Leases

Catholic Charities has entered into operating lease agreements for office space and equipment expiring through fiscal year 2022 with lease terms from two to five years. Catholic Charities also leases various storage areas and containers on a month-to-month basis. The future minimum payments under operating leases of equipment are as follows as of June 30:

2018	\$ 5,889
2019	4,365
2020	2,009
2021	1,668
2022	834
Total operating lease commitment for equipment	<u>\$ 14,765</u>

Total expenses for operating equipment leases amounted to \$14,113 and \$14,680 for the years ended June 30, 2017 and 2016, respectively.

Office Leases

Catholic Charities leases several office facilities for various terms under long-term operating lease agreements for providing its program services. The leases expire at various dates through fiscal year 2020 and provide for increases in future minimum payments as defined in the leases and Consumer Price Index. The future minimum required lease payments under operating office leases are as follows as of June 30:

2018	\$ 54,219
2019	35,050
2020	1,200
Total office lease commitments	<u>\$ 90,469</u>

Catholic Charities, Diocese of Venice, Inc.

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

10. Lease Commitments (Continued)

Office Leases (Continued)

Office rent expense for the years ended June 30, 2017 and 2016 was \$59,382 and \$81,452, respectively.

11. Related Party Transactions

Contributions, Pension and Insurance

The Diocese contributes significant funds to the Organization each year. For the years ended June 30, 2017 and 2016, \$1,678,475 and \$1,564,374 respectively, or approximately 19% and 18% of total support and revenue, respectively, was provided by the Diocese. Catholic Charities also participates in a pension and defined contribution plan of the Diocese and purchases employee life and health insurance and liability and property insurance from the Diocese.

For the years ended June 30, 2017 and 2016, Catholic Charities paid the following amounts to the Diocese:

	<u>2017</u>	<u>2016</u>
Pension contributions	\$ 326,939	\$ 362,349
Group health, dental and life insurance	709,357	721,238
Property, auto, liability, worker's compensation and unemployment insurance	157,293	154,526
Total payments to the Diocese	<u>\$ 1,193,589</u>	<u>\$ 1,238,113</u>

Catholic Charities shares in the use of certain facilities for various program services. A significant portion of the office space is provided at no cost by certain parishes and the Diocese. See Note 2 for details.

During the years ended June 30, 2017 and 2016, Catholic Charities received contributions from Catholic Charities Foundation totaling \$0 and \$30,000, respectively. These amounts are included under Contributions in the accompanying Statement of Activities.

Promissory Notes

On February 1, 2015, Catholic Charities incurred a loan payable to the Diocese of Venice in the principal amount of \$1,100,000. Proceeds of the loan were used to purchase a building in Naples, Florida, that is known as the Judy Sullivan Family Resource Center. As of June 30, 2017 and 2016, the balance was \$744,038 and \$832,492, respectively. See Note 4 to the financial statements.

Cash Deposits

Catholic Charities also maintains significant cash deposits with the Diocese. See Note 14 to the financial statements.

Sub Grants and Guarantees with Housing Entities

The Organization received a grant which a portion of the grant was passed through Catholic Charities Housing, Diocese of Venice, Inc. totaling \$80,778 and \$80,503 for the years ended June 30, 2017 and 2016, respectively.

Catholic Charities, Diocese of Venice, Inc.

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

11. Related Party Transactions (Continued)

Sub Grants and Guarantees with Housing Entities (Continued)

In October 2014, Diocese of Venice modified a loan agreement with Casa San Juan Bosco, Inc., a related housing entity, to include certain land and buildings of Catholic Charities as additional collateral. The loan is collateralized by land owned by Casa San Juan Bosco with an estimated value of approximately \$650,000. The outstanding balance of the loan totaled \$294,739 as of June 30, 2017. Catholic Charities potential liability is limited to the land and building of the District I office which is recorded at cost of \$659,129.

In September 2011, Catholic Charities provided a guarantee that Casa San Juan Bosco, a related housing entity, will do nothing to contaminate the site with hazardous materials during its ownership of the property.

During 2015, Catholic Charities Board of Directors agreed to be the guarantor for a loan from the Florida Housing Financing Corporation to Casa San Juan Bosco II, Inc., a related housing entity. The amount of the guarantee totaled \$6,510,000, which guaranteed construction completion. The guarantee stayed in place until the project was successfully completed in June 2017. In addition, Catholic Charities entered into an operating deficit guaranty related to this project that is expected to remain in place for six months from stabilized occupancy while Casa San Juan Bosco II, Inc. maintains a 1.0 to 1.0 debt service coverage ratio. The USDA provides rental assistance on all of the 44 units, therefore, limiting potential operating losses.

Management Fees

Beginning in the year ending June 30, 2010, Catholic Charities assessed a management fee to Catholic Charities Housing Entities. The monthly fee is \$2,375 and is assessed in order to reimburse Catholic Charities for the time that their employees spend working on the various housing entities, which include Catholic Charities Housing, Diocese of Venice, Inc., Catholic Charities Housing Sarasota, Inc., Marian Manor, Inc., and Casa San Juan Bosco, Inc. Total management fees charged during the years ended June 30, 2017 and 2016 totaled \$28,500 and \$27,276, respectively, and is included in other income in the accompanying financial statements.

Officer's Note Receivable

During 2015, Catholic Charities sold vehicles to two of the organization's key officers. The officers signed promissory notes for the payment of the vehicles. The notes bear an interest rate of 0.05% per year. The total principal and interest payments of \$805 are due monthly for a period of 3 years beginning January 2015 through December 2017. As of June 30, 2017 and 2016, the balance due from the notes totaled \$4,270 and \$14,280, respectively.

12. Lee County Operations

To comply with reporting requirements of the contract between Catholic Charities and the Lee County Board of County Commissioners, management has identified the following assets as related to the Lee County Funded Programs of Catholic Charities.

Catholic Charities, Diocese of Venice, Inc.

Notes to Financial Statements (Continued)

June 30, 2017 and 2016

12. Lee County Operations (Continued)

The Lee County assets are considered a component of the unrestricted and temporarily restricted net assets as of June 30, 2017 and 2016. Services are provided primarily to the Hispanic and Haitian populations within Lee County.

	<u>2017</u>		<u>2016</u>
Cash-restricted	\$ 280,152	\$	360,138
Contracts receivable	19,894		35,072
Land, building and equipment, net of accumulated depreciation of \$304,845 and \$302,581, respectively	50,710		8,666
Total Lee County assets	<u>\$ 350,756</u>	\$	<u>403,876</u>

13. Contingencies

Catholic Charities receives financial assistance from Federal, State and local agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to an audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of Catholic Charities. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of Catholic Charities as of June 30, 2017 and 2016.

14. Concentrations of Risk

Financial instruments that potentially subject Catholic Charities to concentrations of credit risk consist principally of cash and cash equivalents. Cash accounts at banking institutions are insured by the Federal Deposit Insurance Corporation (FDIC). Catholic Charities has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents, which at times, exceeds federally insured limits.

Catholic Charities also maintains significant cash deposits with the Diocese. These deposits are not insured. Cash balances held by the Diocese as of June 30, 2017 and 2016 amounted to \$3,707,403 and \$3,316,405, respectively. Catholic Charities has not experienced any such losses in such accounts and does not believe it is exposed to any significant credit risk on cash held with the Diocese or with financial institutions.

15. Subsequent Events

Catholic Charities has evaluated all events subsequent to the balance sheet date of June 30, 2017 through the date these financial statements were available to be issued, October 31, 2017, and have determined that there were no subsequent events that require disclosure.

Supplemental Information

Catholic Charities, Diocese of Venice, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identification or Contract Number	Contract or Award Amount	Total Reimbursable Expenditures
FEDERAL GRANTS AND CONTRACTS				
<u>Department of Homeland Security</u>				
Passed-through United States Catholic Conference Cuban/Haitian Entrant Program	97.009	DHS-2014CI009-000001-03	\$ 30,000	\$ 27,240
Emergency Food and Shelter National Board Program	97.024	Various	Various	17,551
Total Department of Homeland Security			<u>30,000</u>	<u>44,791</u>
<u>U.S. Department of Justice</u>				
Services for Trafficking Victims	16.320	2016-VT-BX-K051	749,998	241,589
Juvenile Mentoring Program	16.726	2015-JU-FX-0013	174,274	30,232
Total U.S. Department of Justice			<u>924,272</u>	<u>271,821</u>
<u>U.S. Department of State</u>				
Passed-through United States Catholic Conference US Refugee Admissions Program	19.510	SPRMC016CA1003	148,500	176,992
Total U.S. Department of State			<u>148,500</u>	<u>176,992</u>
<u>U.S. Department of Housing and Urban Development</u>				
Passed-through Catholic Charities U.S.A. Housing Counseling Assistance Program	14.169	HC140011017	20,000	13,659
Passed-through Collier County Government Community Development Block Grants/Entitlement Grants	14.218	B-16-UC-12-0016	450,000	234,241
Passed-through Suncoast Partnership to End Homelessness Emergency Solutions Grant Program	14.231	QPZ7C	18,200	15,811
Continuum of Care Program	14.267	FL0004L4H001407	120,821	(1,234)
Continuum of Care Program	14.267	FL0002L4H001508	80,778	80,974
Total Continuum of Care Program	14.267		<u>201,599</u>	<u>79,740</u>
Total U.S. Department of Housing and Urban Development			<u>689,799</u>	<u>343,451</u>
<u>U.S. Department of Health and Human Services</u>				
Passed-through United States Catholic Conference Refugee and Entrant Assistance: Voluntary Agency Program	93.567	90RV0070-02	180,000	143,796
Passed-through Sarasota County Government Community Services Block Grant	93.569	17SB-0D-09-68-01-024	30,000	20,823
Total U.S. Department of Health and Human Services			<u>210,000</u>	<u>164,619</u>
<u>U.S. Department of Agriculture</u>				
Passed-through State of Florida Department of Health Child and Adult Care Food Program	10.558	1565	Cost Reimbursement	9,121
Passed-through State of Florida Department of Children and Families State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	LF913	78,734	78,734
Total U.S. Department of Agriculture			<u>78,734</u>	<u>87,855</u>
<u>U.S. Department of Veterans Affairs</u>				
Passed-through American Red Cross, Lee County VA Supportive Services for Veteran Families Program	64.033	E-12-UC-12-0024E	62,490	5,000
Total U.S. Department of Veterans Affairs			<u>62,490</u>	<u>5,000</u>
Total Federal Grants and Contracts			<u>\$ 2,143,795</u>	<u>\$ 1,094,529</u>

Catholic Charities, Diocese of Venice, Inc.
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2017

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identification or Contract Number	Contract or Award Amount	Total Reimbursable Expenditures
LOCAL GRANTS				
Sarasota County Homeless	N/A	PO 151623 / 161627	136,896	118,242
Manatee County - Families United	N/A	Project 001-0950044 (10/1/16 - 9/30/17)	22,871	22,871
Manatee County - Assistance	N/A	Project 001-0950044 (10/1/16 - 9/30/17)	7,600	11,862
Manatee County - Housing Counseling	N/A	9/1/16 thru 8/31/17	24,000	19,000
Lee County	N/A	7559	165,997	127,004
Lee County	N/A	7317	166,008	31,139
Total Local Grants			<u>523,372</u>	<u>330,118</u>
Total Grants and Contracts			<u>\$ 2,667,167</u>	<u>\$ 1,424,647</u>

Notes to the Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

This schedule includes the federal and local grant activity of Catholic Charities Diocese of Venice, Inc. (the Organization) and is presented on the accrual basis of accounting. The information in this schedule is in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Indirect Cost Election

The Organization has elected not to use the 10% de minimus cost rate allowed under the Uniform Guidance.

Note 3 - Subrecipient Activity

No federal awards were passed through to subrecipients during the fiscal year ended June 30, 2017.

Catholic Charities, Diocese of Venice, Inc.

Schedule of Revenues and Expenses - Lee County Funded Programs of Catholic Charities Year Ended June 30, 2017

	Unrestricted			
	<u>Social Services</u>	<u>Education</u>	<u>Citizenship</u>	<u>Counseling</u>
Support:				
Diocese of Venice	\$ 53,969	\$ 301,647	\$ 49,327	\$ 28,187
Contributions	2,491	95,943	1,208	-
Board of County Commissioners, Lee County	-	119,712	-	-
United Way grants	-	89,714	-	-
Federal grants	38,648	30,232	-	-
Other grants	-	-	-	-
Total support	<u>95,108</u>	<u>637,248</u>	<u>50,535</u>	<u>28,187</u>
Revenues:				
Program service fees	-	27,910	63,635	9,990
Other income	-	-	-	-
Total revenues	<u>-</u>	<u>27,910</u>	<u>63,635</u>	<u>9,990</u>
Net assets released from restrictions	<u>56,351</u>	<u>24,897</u>	<u>41,454</u>	<u>-</u>
Special events revenue	<u>-</u>	<u>43,709</u>	<u>-</u>	<u>-</u>
Total support, revenues and reclassifications	<u>151,459</u>	<u>733,764</u>	<u>155,624</u>	<u>38,177</u>
Expenses:				
Salaries	171,095	476,636	94,243	34,743
Conferences, meetings and dues	236	3,246	1,125	630
Depreciation	-	4,950	-	-
Employee benefits	40,545	103,574	27,757	4,480
General insurance	2,082	6,721	1,468	-
Maintenance and equipment	24,705	28,279	17,798	430
Office supplies and postage	3,902	10,817	1,572	359
Other	4,738	28,937	1,765	1,023
Outside services	5,456	37,066	8,084	5,947
Payroll taxes	13,089	36,463	7,210	2,658
Professional fees	1,258	4,062	764	287
Rent and utilities	10,890	19,961	2,484	34
Direct assistance	17,246	3,414	-	25
Fundraising	-	1,220	-	-
Staff training and recruiting	9	690	6	2
Telephone	4,216	8,656	2,522	510
Travel	2,409	5,117	1,388	3,550
Total expenses	<u>301,876</u>	<u>779,809</u>	<u>168,186</u>	<u>54,678</u>
Increase (decrease) in net assets	<u>\$ (150,417)</u>	<u>\$ (46,045)</u>	<u>\$ (12,562)</u>	<u>\$ (16,501)</u>

<u>Elderly Services</u>	<u>Unrestricted Total</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 59,832	\$ 492,962	\$ -	\$ 492,962
16,313	115,955	131,850	247,805
38,431	158,143	-	158,143
57,710	147,424	-	147,424
-	68,880	-	68,880
-	-	-	-
<u>172,286</u>	<u>983,364</u>	<u>131,850</u>	<u>1,115,214</u>
-	101,535	-	101,535
-	-	-	-
<u>-</u>	<u>101,535</u>	<u>-</u>	<u>101,535</u>
9,148	131,850	(131,850)	-
-	43,709	-	43,709
<u>181,434</u>	<u>1,260,458</u>	<u>-</u>	<u>1,260,458</u>
137,900	914,617	-	914,617
433	5,670	-	5,670
-	4,950	-	4,950
32,108	208,464	-	208,464
977	11,248	-	11,248
6,569	77,781	-	77,781
560	17,210	-	17,210
3,204	39,667	-	39,667
2,538	59,091	-	59,091
10,549	69,969	-	69,969
1,066	7,437	-	7,437
1,874	35,243	-	35,243
2,538	23,223	-	23,223
-	1,220	-	1,220
65	772	-	772
3,334	19,238	-	19,238
9,901	22,365	-	22,365
<u>213,616</u>	<u>1,518,165</u>	<u>-</u>	<u>1,518,165</u>
<u>\$ (32,182)</u>	<u>\$ (257,707)</u>	<u>\$ -</u>	<u>\$ (257,707)</u>

Contract Compliance



Kerkering, Barberio & Co.
Certified Public Accountants

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*

Independent Auditor's Report

The Board of Directors
Catholic Charities, Diocese of Venice, Inc.
Venice, Florida

We have audited, 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, the financial statements of Catholic Charities, Diocese of Venice, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2017, and related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

A handwritten signature in cursive script that reads "Kerkeering Barbino & C." The signature is written in dark ink and is positioned to the right of the date and location text.

Sarasota, Florida
October 31, 2017



Kerkering, Barberio & Co.
Certified Public Accountants

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance

Independent Auditor's Report

The Board of Directors
Catholic Charities, Diocese of Venice, Inc.
Venice, Florida

Report on Compliance for Each Major Federal Program

We have audited Catholic Charities, Diocese of Venice, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2017. The Organization's major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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 the Organization'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 the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the Organization 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 the Organization'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 the Organization'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 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.



Sarasota, Florida
October 31, 2017

Catholic Charities, Diocese of Venice, Inc.
Schedule of Findings and Questioned Costs (Continued)
For The Year Ended June 30, 2017

Section I - Summary of Auditor's Results (Continued)

Federal Programs Tested as Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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 no

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Summary Schedule of Prior Audit Findings

None

Section V - Other

No management letter is required because there were no findings to be reported in a management letter as required by Section 215.97(9)(f) and 215.97(10)(d) of the Florida Statutes, Auditor General Rule 10.654(1)(e) or 10.656(3)(e).