

**Catholic Charities, Diocese of Venice, Inc.  
and Related Entity**

Consolidated Financial Statements,  
Supplemental Information,  
Contract Compliance and  
Independent Auditor's Report  
June 30, 2023 and 2022

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## Independent Auditor's Report

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

### Opinion

We have audited the consolidated financial statements of Catholic Charities, Diocese of Venice, Inc. and Related Entity (Catholic Charities), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, 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 (collectively, the consolidated financial statements).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Catholic Charities, Diocese of Venice, Inc. and Related Entity as of June 30, 2023 and 2022, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Catholic Charities and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the 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 Catholic Charities' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

## **Auditor's 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 auditor's 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 Catholic Charities' 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 Catholic Charities' ability to continue as a going concern for a reasonable period of time.

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

## **Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Schedule of Revenues and Expenses – Lee County Funded Programs at Catholic Charities are presented for purposes of additional analysis and are 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 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 consolidated financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2023 on our consideration of Catholic Charities' 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 Catholic Charities' 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' internal control over financial reporting and compliance.

*Kukuing Barbario & Co.*

Sarasota, Florida  
October 26, 2023

# Catholic Charities, Diocese of Venice, Inc. and Related Entity

## Consolidated Statements of Financial Position

June 30, 2023 and 2022

|  | 2023          | 2022          |
|--|---------------|---------------|
| <b>Assets</b>  |               |               |
| Current Assets:  |               |               |
| Cash and cash equivalents - without donor restrictions     | \$ 451,330    | \$ 1,770,160  |
| Cash and cash equivalents - board designated               | 3,245,064     | 3,036,344     |
| Cash and cash equivalents - purpose and time restricted    | 6,275,314     | 3,426,932     |
| Cash and cash equivalents - perpetual in nature restricted | 1,672         | 1,672         |
| Total cash and cash equivalents                            | 9,973,380     | 8,235,108     |
| Contracts and grants receivable                            | 470,404       | 340,354       |
| Accounts receivable  | 138,796       | 73,825        |
| Prepaid insurance and other expenses                       | 286,744       | 221,721       |
| Total current assets                                       | 10,869,324    | 8,871,008     |
| <br>   |               |               |
| Beneficial interest in gift annuities                      | 35,535        | 36,470        |
| Land, building and equipment, net                          | 8,019,541     | 7,649,531     |
| Right-of-use asset   | 114,526       | -             |
| <br>   |               |               |
| Total Assets   | \$ 19,038,926 | \$ 16,557,009 |
| <br><b>Liabilities and Net Assets</b>                      |               |               |
| Current Liabilities:                                       |               |               |
| Accounts payable   | \$ 457,303    | \$ 85,174     |
| Accrued expenses   | 272,380       | 118,516       |
| Refundable advances  | 40,010        | 19,050        |
| Short-term lease liability                                 | 23,864        | -             |
| Total current liabilities                                  | 793,557       | 222,740       |
| <br>   |               |               |
| Other Liabilities:   |               |               |
| Long-term debt   | 80,000        | 80,000        |
| Long-term lease liability                                  | 90,678        | -             |
| Total liabilities  | 964,235       | 302,740       |
| <br>   |               |               |
| Net Assets:  |               |               |
| Without donor restrictions:                                |               |               |
| Undesignated   | 613,100       | 2,219,790     |
| Board designated   | 3,245,064     | 3,036,344     |
| Designated for land, building and equipment                | 7,939,541     | 7,569,531     |
| Total net assets without donor restrictions                | 11,797,705    | 12,825,665    |
| With donor restrictions:                                   |               |               |
| Purpose and time restrictions                              | 6,275,314     | 3,426,932     |
| Perpetual in nature  | 1,672         | 1,672         |
| Total net assets with donor restrictions                   | 6,276,986     | 3,428,604     |
| <br>   |               |               |
| Total net assets   | 18,074,691    | 16,254,269    |
| <br>   |               |               |
| Total Liabilities and Net Assets                           | \$ 19,038,926 | \$ 16,557,009 |

See accompanying notes to consolidated financial statements.

# Catholic Charities, Diocese of Venice, Inc. and Related Entity

Consolidated Statement of Activities

Year Ended June 30, 2023

(With Summarized Totals for 2022)

|   | <u>Without<br/>Donor<br/>Restrictions</u> | <u>With<br/>Donor<br/>Restrictions</u> | <u>2023<br/>Total</u>       | <u>2022<br/>Total</u>       |
|---|---|--|-----------------------------|-----------------------------|
| Support:  |   |  |                             |                             |
| Diocese of Venice                               | \$ 1,440,000                              | \$ -                                   | \$ 1,440,000                | \$ 1,440,000                |
| Contributions                                   | 2,080,710                                 | 1,119,601                              | 3,200,311                   | 3,501,868                   |
| In-kind contributions                           | 46,140                                    | -                                      | 46,140                      | 20,000                      |
| Government grants and contracts                 | 2,851,540                                 | 55,184                                 | 2,906,724                   | 1,776,234                   |
| United Way grants                               | 400,026                                   | 103,261                                | 503,287                     | 439,195                     |
| Catholic and other organizations                | 1,525,583                                 | 1,541,131                              | 3,066,714                   | 1,204,580                   |
| Other grants                                    | 894,872                                   | 930,570                                | 1,825,442                   | 1,202,205                   |
| Total support                                   | <u>9,238,871</u>                          | <u>3,749,747</u>                       | <u>12,988,618</u>           | <u>9,584,082</u>            |
| Revenue:  |   |  |                             |                             |
| Program service fees                            | 543,140                                   | -                                      | 543,140                     | 478,146                     |
| Interest and dividends                          | 104,310                                   | -                                      | 104,310                     | 84,898                      |
| Change in value of gift annuities               | (935)                                     | -                                      | (935)                       | (3,941)                     |
| Other income                                    | 56,398                                    | -                                      | 56,398                      | -                           |
| Total revenue                                   | <u>702,913</u>                            | <u>-</u>                               | <u>702,913</u>              | <u>559,103</u>              |
| Net assets released from restriction            | <u>901,365</u>                            | <u>(901,365)</u>                       | <u>-</u>                    | <u>-</u>                    |
| Special events revenue                          | 1,877,537                                 | -                                      | 1,877,537                   | 1,970,257                   |
| Less direct costs of special events             | <u>(578,559)</u>                          | <u>-</u>                               | <u>(578,559)</u>            | <u>(408,543)</u>            |
| Net revenue from special events                 | <u>1,298,978</u>                          | <u>-</u>                               | <u>1,298,978</u>            | <u>1,561,714</u>            |
| Total support, revenue<br>and reclassifications | <u>12,142,127</u>                         | <u>2,848,382</u>                       | <u>14,990,509</u>           | <u>11,704,899</u>           |
| Expenses:                                       |   |  |                             |                             |
| Program services                                | 11,766,213                                | -                                      | 11,766,213                  | 9,069,183                   |
| Management and general                          | 1,234,919                                 | -                                      | 1,234,919                   | 1,297,859                   |
| Fund raising                                    | 168,955                                   | -                                      | 168,955                     | 228,901                     |
| Total expenses                                  | <u>13,170,087</u>                         | <u>-</u>                               | <u>13,170,087</u>           | <u>10,595,943</u>           |
| Change in net assets                            | (1,027,960)                               | 2,848,382                              | 1,820,422                   | 1,108,956                   |
| Net assets at beginning of year                 | <u>12,825,665</u>                         | <u>3,428,604</u>                       | <u>16,254,269</u>           | <u>15,145,313</u>           |
| Net assets at end of year                       | <u>\$ <u>11,797,705</u></u>               | <u>\$ <u>6,276,986</u></u>             | <u>\$ <u>18,074,691</u></u> | <u>\$ <u>16,254,269</u></u> |

See accompanying notes to consolidated financial statements.

# Catholic Charities, Diocese of Venice, Inc. and Related Entity

Consolidated Statement of Activities

Year Ended June 30, 2022

(With Summarized Totals for 2023)

|   | <b>Without<br/>Donor<br/>Restrictions</b> | <b>With<br/>Donor<br/>Restrictions</b> | <b>2022<br/>Total</b> | <b>2023<br/>Total</b> |
|---|---|--|-----------------------|-----------------------|
| Support:  |   |  |                       |                       |
| Diocese of Venice                               | \$ 1,440,000                              | \$ -                                   | \$ 1,440,000          | \$ 1,440,000          |
| Contributions                                   | 1,950,500                                 | 1,551,368                              | 3,501,868             | 3,200,311             |
| In-kind contributions                           | 20,000                                    | -                                      | 20,000                | 46,140                |
| Government grants and contracts                 | 1,731,291                                 | 44,943                                 | 1,776,234             | 2,906,724             |
| United Way grants                               | 419,821                                   | 19,374                                 | 439,195               | 503,287               |
| Catholic and other organizations                | 1,102,660                                 | 101,920                                | 1,204,580             | 3,066,714             |
| Other grants                                    | 908,379                                   | 293,826                                | 1,202,205             | 1,825,442             |
| Total support                                   | 7,572,651                                 | 2,011,431                              | 9,584,082             | 12,988,618            |
| Revenue:  |   |  |                       |                       |
| Program service fees                            | 478,146                                   | -                                      | 478,146               | 543,140               |
| Interest and dividends                          | 84,898                                    | -                                      | 84,898                | 104,310               |
| Change in value of gift annuities               | (3,941)                                   | -                                      | (3,941)               | (935)                 |
| Other income                                    | -   | -                                      | -                     | 56,398                |
| Total revenue                                   | 559,103                                   | -                                      | 559,103               | 702,913               |
| Net assets released from restrictions           | 639,041                                   | (639,041)                              | -                     | -                     |
| Special events revenue                          | 1,970,257                                 | -                                      | 1,970,257             | 1,877,537             |
| Less direct costs of special events             | (408,543)                                 | -                                      | (408,543)             | (578,559)             |
| Net revenue from special events                 | 1,561,714                                 | -                                      | 1,561,714             | 1,298,978             |
| Total support, revenue<br>and reclassifications | 10,332,509                                | 1,372,390                              | 11,704,899            | 14,990,509            |
| Expenses:                                       |   |  |                       |                       |
| Program services                                | 9,069,183                                 | -                                      | 9,069,183             | 11,766,213            |
| Management and general                          | 1,297,859                                 | -                                      | 1,297,859             | 1,234,919             |
| Fund raising                                    | 228,901                                   | -                                      | 228,901               | 168,955               |
| Total expenses                                  | 10,595,943                                | -                                      | 10,595,943            | 13,170,087            |
| Change in net assets                            | (263,434)                                 | 1,372,390                              | 1,108,956             | 1,820,422             |
| Net assets at beginning of year                 | 13,089,099                                | 2,056,214                              | 15,145,313            | 16,254,269            |
| Net assets at end of year                       | \$ 12,825,665                             | \$ 3,428,604                           | \$ 16,254,269         | \$ 18,074,691         |

See accompanying notes to consolidated financial statements.



# Catholic Charities, Diocese of Venice, Inc. and Related Entity

## Consolidated Statement of Functional Expenses

Year Ended June 30, 2023

(With Summarized Totals for 2022)

|                                | <u>Family<br/>Reunification</u> | <u>Prevention<br/>and<br/>Social Services</u> | <u>Counseling<br/>and<br/>Education</u> | <u>Total<br/>Program<br/>Services</u> |
|--------------------------------|---------------------------------|---|---|---------------------------------------|
| Salaries                       | \$ 834,952                      | \$ 2,210,208                                  | \$ 1,185,010                            | \$ 4,230,170                          |
| Employee benefits              | 280,520                         | 699,246                                       | 354,054                                 | 1,333,820                             |
| Specific assistance            | 282,497                         | 2,538,262                                     | 199,163                                 | 3,019,922                             |
| Outside services               | 144,248                         | 271,691                                       | 293,696                                 | 709,635                               |
| Rent and utilities             | 121,956                         | 208,106                                       | 33,899                                  | 363,961                               |
| Payroll taxes                  | 61,813                          | 163,421                                       | 82,338                                  | 307,572                               |
| Maintenance and equipment      | 194,424                         | 233,290                                       | 155,433                                 | 583,147                               |
| Depreciation                   | 95,867                          | 307,785                                       | 100,913                                 | 504,565                               |
| Communications                 | 38,957                          | 70,476  | 31,819                                  | 141,252                               |
| Office supplies and postage    | 19,036                          | 41,258  | 57,163                                  | 117,457                               |
| Religious stipends             | -                               | 38,875  | -                                       | 38,875                                |
| Travel                         | 21,840                          | 64,254  | 10,120                                  | 96,214                                |
| Promotion                      | 2,171                           | 4,874   | 1,966                                   | 9,011                                 |
| Printing                       | 8,948                           | 18,741  | 13,239                                  | 40,928                                |
| Other                          | 4,763                           | 3,837   | 38,866                                  | 47,466                                |
| Conferences, meetings and dues | 9,801                           | 33,546  | 19,708                                  | 63,055                                |
| Professional fees              | 9,025                           | 20,706  | 7,905                                   | 37,636                                |
| Housing                        | -                               | -   | -                                       | -                                     |
| General insurance              | 43,800                          | 50,643  | 19,975                                  | 114,418                               |
| Staff training and recruiting  | -                               | 6,419   | 690                                     | 7,109                                 |
| Interest expense               | -                               | -   | -                                       | -                                     |
| Total functional expenses      | <u>\$ 2,174,618</u>             | <u>\$ 6,985,638</u>                           | <u>\$ 2,605,957</u>                     | <u>\$ 11,766,213</u>                  |

| <b>Management<br/>and<br/>General</b> | <b>Fund<br/>Raising</b> | <b>2023<br/>Total</b> | <b>2022<br/>Total</b> |
|---------------------------------------|-------------------------|-----------------------|-----------------------|
| \$ 410,460                            | \$ 13,888               | \$ 4,654,518          | \$ 3,892,462          |
| 129,622                               | 14,382                  | 1,477,824             | 1,285,130             |
| 594                                   | -                       | 3,020,516             | 2,085,501             |
| 221,159                               | 76,664                  | 1,007,458             | 1,127,392             |
| 75,811                                | 2,083                   | 441,855               | 309,553               |
| 33,531                                | 1,019                   | 342,122               | 284,152               |
| 52,417                                | 429                     | 635,993               | 277,969               |
| 15,606                                | -                       | 520,171               | 502,150               |
| 62,727                                | 2,363                   | 206,342               | 135,951               |
| 59,685                                | 13,467                  | 190,609               | 106,097               |
| -                                     | -                       | 38,875                | 76,172                |
| 26,005                                | 863                     | 123,082               | 110,092               |
| -                                     | 30,384                  | 39,395                | 39,922                |
| 23,062                                | 1,672                   | 65,662                | 53,763                |
| 16,259                                | 399                     | 64,124                | 36,498                |
| 92,706                                | 7,650                   | 163,411               | 129,222               |
| 4,172                                 | 1,522                   | 43,330                | 40,120                |
| -                                     | -                       | -                     | 3,583                 |
| 1,809                                 | 2,170                   | 118,397               | 89,537                |
| 9,294                                 | -                       | 16,403                | 5,739                 |
| -                                     | -                       | -                     | 4,938                 |
| <u>\$ 1,234,919</u>                   | <u>\$ 168,955</u>       | <u>\$ 13,170,087</u>  | <u>\$ 10,595,943</u>  |

See accompanying notes to consolidated financial statements.

# Catholic Charities, Diocese of Venice, Inc. and Related Entity

## Consolidated Statement of Functional Expenses

Year Ended June 30, 2022

(With Summarized Totals for 2023)

|                                | <u>Family<br/>Reunification</u> | <u>Prevention<br/>and<br/>Social Services</u> | <u>Counseling<br/>and<br/>Education</u> | <u>Total<br/>Program<br/>Services</u> |
|--------------------------------|---------------------------------|---|---|---------------------------------------|
| Salaries                       | \$ 860,156                      | \$ 1,762,902                                  | \$ 706,283                              | \$ 3,329,341                          |
| Employee benefits              | 279,441                         | 595,866                                       | 216,170                                 | 1,091,477                             |
| Specific assistance            | 301,250                         | 1,776,330                                     | 7,921                                   | 2,085,501                             |
| Outside services               | 164,213                         | 162,271                                       | 423,980                                 | 750,464                               |
| Rent and utilities             | 117,248                         | 119,572                                       | 26,605                                  | 263,425                               |
| Payroll taxes                  | 63,558                          | 129,377                                       | 63,792                                  | 256,727                               |
| Maintenance and equipment      | 59,205                          | 65,135  | 116,563                                 | 240,903                               |
| Depreciation                   | 116,900                         | 238,672                                       | 131,513                                 | 487,085                               |
| Communications                 | 32,943                          | 47,274  | 27,593                                  | 107,810                               |
| Office supplies and postage    | 13,816                          | 34,145  | 33,425                                  | 81,386                                |
| Religious stipends             | -                               | 71,048  | -                                       | 71,048                                |
| Travel                         | 16,069                          | 53,339  | 7,236                                   | 76,644                                |
| Promotion                      | 4,359                           | 6,649   | 2,625                                   | 13,633                                |
| Printing                       | 7,036                           | 13,712  | 6,136                                   | 26,884                                |
| Other                          | 5,666                           | 1,318   | 15,147                                  | 22,131                                |
| Conferences, meetings and dues | 7,502                           | 7,213   | 15,290                                  | 30,005                                |
| Professional fees              | 8,010                           | 19,575  | 7,731                                   | 35,316                                |
| Housing                        | -                               | 3,583   | -                                       | 3,583                                 |
| General insurance              | 36,084                          | 34,322  | 16,562                                  | 86,968                                |
| Staff training and recruiting  | 168                             | 2,226   | 1,520                                   | 3,914                                 |
| Interest expense               | -                               | 4,938   | -                                       | 4,938                                 |
| Total functional expenses      | \$ <u>2,093,624</u>             | \$ <u>5,149,467</u>                           | \$ <u>1,826,092</u>                     | \$ <u>9,069,183</u>                   |

| <b>Management<br/>and<br/>General</b> | <b>Fund<br/>Raising</b> | <b>2022<br/>Total</b> | <b>2023<br/>Total</b> |
|---------------------------------------|-------------------------|-----------------------|-----------------------|
| \$ 508,968                            | \$ 54,153               | \$ 3,892,462          | \$ 4,654,518          |
| 174,793                               | 18,860                  | 1,285,130             | 1,477,824             |
| -                                     | -                       | 2,085,501             | 3,020,516             |
| 286,935                               | 89,993                  | 1,127,392             | 1,007,458             |
| 44,137                                | 1,991                   | 309,553               | 441,855               |
| 23,710                                | 3,715                   | 284,152               | 342,122               |
| 35,940                                | 1,126                   | 277,969               | 635,993               |
| 15,065                                | -                       | 502,150               | 520,171               |
| 25,042                                | 3,099                   | 135,951               | 206,342               |
| 19,007                                | 5,704                   | 106,097               | 190,609               |
| 5,124                                 | -                       | 76,172                | 38,875                |
| 31,704                                | 1,744                   | 110,092               | 123,082               |
| -                                     | 26,289                  | 39,922                | 39,395                |
| 10,047                                | 16,832                  | 53,763                | 65,662                |
| 14,367                                | -                       | 36,498                | 64,124                |
| 98,042                                | 1,175                   | 129,222               | 163,411               |
| 3,153                                 | 1,651                   | 40,120                | 43,330                |
| -                                     | -                       | 3,583                 | -                     |
| -                                     | 2,569                   | 89,537                | 118,397               |
| 1,825                                 | -                       | 5,739                 | 16,403                |
| -                                     | -                       | 4,938                 | -                     |
| <u>\$ 1,297,859</u>                   | <u>\$ 228,901</u>       | <u>\$ 10,595,943</u>  | <u>\$ 13,170,087</u>  |

See accompanying notes to consolidated financial statements.

## Catholic Charities, Diocese of Venice, Inc. and Related Entity

### Consolidated Statements of Cash Flows

Years Ended June 30, 2023 and 2022

|   | <u>2023</u>         | <u>2022</u>         |
|---|---------------------|---------------------|
| Cash Flows from Operating Activities:   |                     |                     |
| Change in net assets  | \$ <u>1,820,422</u> | \$ <u>1,108,956</u> |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                     |                     |
| Depreciation  | 520,171             | 502,150             |
| Gain on disposal of fixed assets  | (33,875)            | -                   |
| Change in value of gift annuities   | 935                 | 3,941               |
| Non-cash lease expense  | 16                  | -                   |
| Change in operating assets:   |                     |                     |
| Contracts and grants receivable   | (130,050)           | (108,763)           |
| Accounts receivable   | (64,971)            | (12,605)            |
| Prepaid insurance and other expenses  | (65,023)            | 21,271              |
| Change in operating liabilities:  |                     |                     |
| Accounts payable  | 372,129             | (63,012)            |
| Accrued expenses  | 153,864             | (224,796)           |
| Refundable advances   | 20,960              | (68,632)            |
| Total adjustments   | <u>774,156</u>      | <u>49,554</u>       |
| Net cash provided by operating activities   | <u>2,594,578</u>    | <u>1,158,510</u>    |
| Cash Flows from Investing Activities:   |                     |                     |
| Purchases of land, building and equipment   | (900,839)           | (291,477)           |
| Proceeds from disposal of fixed assets  | 44,533              | -                   |
| Net cash used in investing activities   | <u>(856,306)</u>    | <u>(291,477)</u>    |
| Cash Flows from Financing Activities:   |                     |                     |
| Payments on long-term debt  | -                   | (348,352)           |
| Net cash used in financing activities   | <u>-</u>            | <u>(348,352)</u>    |
| Net change in cash and cash equivalents   | 1,738,272           | 518,681             |
| Cash and cash equivalents - beginning of year   | 8,235,108           | 7,716,427           |
| Cash and cash equivalents - end of year   | <u>\$ 9,973,380</u> | <u>\$ 8,235,108</u> |

Supplemental disclosure of cash flow information:

Cash paid during the year for interest totaled \$0 and \$4,938 in 2023 and 2022, respectively.

See accompanying notes to consolidated financial statements.

# Catholic Charities, Diocese of Venice, Inc. and Related Entity

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

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## **I. Organization and Nature of Operations**

Catholic Charities, Diocese of Venice, Inc. and Related Entity (CCDOV Holdings, Inc.), henceforth together referred to as 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.

CCDOV Holdings, Inc. (CCDOV Holdings) was established as a not-for-profit corporation with the State of Florida on January 2, 2020. CCDOV Holdings is a real asset holding entity.

Catholic Charities has 57 separate sites in the above ten counties and provides a variety of services that include: direct disaster response, food pantry services, individual and family counseling, direct financial assistance to families in need, immigration and legalization processing, refugee employment, after-school tutoring, English as a second or other language, citizenship, summer camps, 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**

### **Principles of Consolidation**

The consolidated financial statements include the amounts of Catholic Charities, Diocese of Venice, Inc. and CCDOV Holdings, Inc., collectively referred to as Catholic Charities. Catholic Charities, Diocese of Venice, Inc. holds an economic interest in CCDOV Holdings, Inc. All material intercompany transactions have been eliminated.

### **Consolidated Financial Statements**

The consolidated 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 consolidated financial statements.

### **Use of Estimates and Assumptions**

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 amounts of revenues, expenses and changes in net assets during the reporting period. Actual results could differ from those estimates and assumptions.

### **Functional Allocation of Expenses**

The costs of providing the various programs and services have been summarized on a functional basis in the Consolidated Statements of Activities. Cost centers are used to control accounting for locations and activities that contribute to each function. Based on management's time study of the central office's personnel, certain costs have been allocated among the programs and supporting services benefited.

# Catholic Charities Diocese of Venice, Inc. and Related Entity

Notes to Consolidated Financial Statements (Continued)

June 30, 2023 and 2022

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## 2. Summary of Significant Accounting Policies (Continued)

### 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:

*Net assets without donor restrictions* - Net assets that are not subject to donor-imposed stipulations. Board designated funds restricted by the Board of Directors are classified as net assets without donor restrictions.

*Net assets with donor restrictions* - 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. When a restriction expires, these net assets are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities as net assets released from restrictions.

Other net assets are perpetual in nature. These net assets are subject to donor-imposed stipulations that the net assets be maintained in perpetuity by Catholic Charities.

### Revenue Recognition

All contributions are considered to be available without donor restriction 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 net assets with donor restrictions. When the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated 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 support without donor restrictions.

Gifts of cash restricted for the purpose of acquiring or constructing long-lived assets are recorded as net assets with donor restrictions until the long-lived asset is acquired or constructed at which time the net assets are released from the restriction and reclassified to net assets without donor restrictions.

Grants, which are limited to the use of various Catholic Charities' programs, are reflected as revenue without donor restrictions 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.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Program fees are recognized when the performance obligations of providing the services are met.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. Catholic Charities recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. Catholic Charities recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

# Catholic Charities Diocese of Venice, Inc. and Related Entity

Notes to Consolidated Financial Statements (Continued)

June 30, 2023 and 2022

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## 2. Summary of Significant Accounting Policies (Continued)

### Cash and Cash Equivalents

For the purpose of the Consolidated 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 and 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 determines the appropriateness of an allowance for bad debts based upon its review of existing receivables and historical collections by individual agencies. Management considers all contracts and grants due to be fully collectible. Therefore, no allowance for uncollectible contracts and grants has been recorded in the accompanying consolidated financial statements.

### 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 consolidated financial statements.

### Beneficial Interest in Gift Annuity

Catholic Charities has been named beneficiary of one gift annuity agreement. The recorded beneficial interest is Catholic Charities' portion of the charitable remainder interest of the annuity 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 value of payments to beneficiaries under this arrangement is 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 annuity on the Consolidated Statements of Activities. As of June 30, 2023 and 2022, the fair value of the gift annuity was determined to be less than the estimated future payments to the beneficiaries. Adjustments of \$935 and \$3,941 were recorded to decrease the beneficial interest in gift annuities in the Consolidated Statement of Financial Position for the years ended June 30, 2023 and 2022, respectively. The decreases are also reflected in the change in value of the gift annuity in the Consolidated Statements of Activities.

Charitable gift annuities are classified as with or without donor restrictions 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 net assets without donor restrictions or net assets with donor restrictions, in the case of donations with time stipulations.



# Catholic Charities Diocese of Venice, Inc. and Related Entity

Notes to Consolidated Financial Statements (Continued)

June 30, 2023 and 2022

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## 2. Summary of Significant Accounting Policies (Continued)

### Land, Building and Equipment (Continued)

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 separately 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 were not performed and special events that have not taken place as of June 30, 2023 and 2022 are classified as liabilities in the accompanying Consolidated 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 consolidated 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, 2020 through June 30, 2023.

### 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 consolidated financial statements as they do not meet the requirements to be recorded under accounting principles generally accepted in the United States of America. 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 these spaces provided are not readily determinable and has not been included in the accompanying consolidated financial statements.

The Diocese of Venice (Diocese) has provided office space to Catholic Charities at no charge to provide office space to coordinate its charitable activities. The fair market value of the donated space in the amount of \$46,140 and \$20,000 is recorded in the accompanying consolidated financial statements for the years ended June 30, 2023 and 2022, respectively, and is included as in-kind contributions and rent expense on the Consolidated Statement of Activities. The in-kind donation is valued based on comparable office space leasing rates in the Venice, FL real estate market.

# Catholic Charities Diocese of Venice, Inc. and Related Entity

Notes to Consolidated Financial Statements (Continued)

June 30, 2023 and 2022

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## 2. Summary of Significant Accounting Policies (Continued)

### Financial Instruments Not Measured at Fair Value

Catholic Charities' financial instruments 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, accounts payable, accrued expenses, and refundable advances.

### Adoption of New Accounting Pronouncement

In February 2016, the FASB issued ASC Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement.

Catholic Charities adopted Topic 842 on July 1, 2022 using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, Catholic Charities has applied Topic 842 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with Catholic Charities's historical accounting treatment under ASC Topic 840, Leases. Catholic Charities elected the "package of practical expedients" under the transition guidance within Topic 842, in which Catholic Charities does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. Catholic Charities has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on July 1, 2022.

Catholic Charities determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) Catholic Charities obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. Catholic Charities also considers whether its service arrangements include the right to control the use of an asset.

Catholic Charities made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or July 1, 2022 for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, Catholic Charities made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

The adoption of the new lease standard did not materially impact change in net assets or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

# Catholic Charities Diocese of Venice, Inc. and Related Entity

Notes to Consolidated Financial Statements (Continued)

June 30, 2023 and 2022

### 3. Liquidity and Availability

Financial assets available within one year of the Consolidated Statements of Financial Position date for general expenditures are as follows:

|  | <b>2023</b>  | <b>2022</b>  |
|--|--------------|--------------|
| Cash and cash equivalents  | \$ 9,973,380 | \$ 8,235,108 |
| Contracts and grants receivable  | 470,404      | 340,354      |
| Accounts receivable  | 138,796      | 73,825       |
| Total financial assets available   | 10,582,580   | 8,649,287    |
|  |              |              |
| Less: Amounts unavailable for general expenditures within one year due to:             |              |              |
| Restricted by donors with purpose and time restrictions                                | (6,275,314)  | (3,426,932)  |
| Restrictions perpetual in nature   | (1,672)      | (1,672)      |
| Total amounts unavailable for general expenditures within one year                     | (6,276,986)  | (3,428,604)  |
|  |              |              |
| Less: Amounts unavailable to management without Board approval:                        |              |              |
| Board-designated for specific programs   | (516,343)    | (507,623)    |
| Board-designated for direct assistance   | (500,000)    | (500,000)    |
| Board-designated for disaster loss   | (500,000)    | (300,000)    |
| Board-designated for capital facility needs  | (1,728,721)  | (1,728,721)  |
| Total amounts unavailable to management without Board approval:                        | (3,245,064)  | (3,036,344)  |
|  |              |              |
| Total financial assets available to management for general expenditure within one year | \$ 1,060,530 | \$ 2,184,339 |

Catholic Charities manages its liquid assets in accordance with regular budgeting processes developed through the coordinated efforts of management and the Board of Directors. Monthly reporting by management to those charged with governance ensures the results from operating activities are monitored closely.

The Board-designated net assets totaling \$3,245,064 and \$3,036,344 at June 30, 2023 and 2022, respectively for specific programs, direct assistance, disaster loss and capital facility needs may be distributed to fund the operating budget. Although Catholic Charities does not intend to spend from these funds, these amounts could be made available if necessary.

### 4. Land, Building and Equipment

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

|                                   | <b>2023</b>  | <b>2022</b>  |
|-----------------------------------|--------------|--------------|
| Land                              | \$ 3,169,219 | \$ 2,708,623 |
| Land improvements                 | 16,800       | 16,800       |
| Buildings                         | 8,397,566    | 8,392,066    |
| Equipment                         | 522,214      | 403,430      |
| Vehicles                          | 258,625      | 250,450      |
| Leasehold improvements            | 496,460      | 227,133      |
| Construction in progress          | -            | 8,295        |
|                                   | 12,860,884   | 12,006,797   |
| Less accumulated depreciation     | 4,841,343    | 4,357,266    |
| Land, building and equipment, net | \$ 8,019,541 | \$ 7,649,531 |

# Catholic Charities Diocese of Venice, Inc. and Related Entity

Notes to Consolidated Financial Statements (Continued)

June 30, 2023 and 2022

## 4. Land, Building and Equipment (Continued)

Depreciation expense for the years ended June 30, 2023 and 2022 totaled \$520,171 and \$502,150, respectively. Land and buildings have been purchased or renovated with funds received from governmental agencies. Title to these assets acquired with government agency funds vests with Catholic Charities as long as Catholic Charities has a contract with the agencies or the assets are used to meet objectives established in the contract until five years after expiration, or a longer period as determined to be appropriate. In accordance with contract provisions, Catholic Charities has separately identified these assets. Upon contract termination or if the objectives are not met, the assets revert to the respective agencies in accordance with their proportional interests. As of June 30, 2023 and 2022, government funded assets had a total net book value of \$523,714 and \$561,066, respectively.

## 5. 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, 2023 and 2022, the balance was \$80,000 and is included in long-term debt.

## 6. Board Designated Net Assets

As of June 30, 2023 and 2022, Catholic Charities had Board designated net assets of the following for future program services:

|                                   | 2023         | 2022         |
|-----------------------------------|--------------|--------------|
| Boca Grande Child Care Center     | \$ 516,343   | \$ 507,623   |
| Direct Assistance                 | 500,000      | 500,000      |
| Capital Facility Needs            | 1,728,721    | 1,728,721    |
| Disaster Loss                     | 500,000      | 300,000      |
| Total board designated net assets | \$ 3,245,064 | \$ 3,036,344 |

## 7. Net Assets With Donor Restrictions

Net assets with donor restrictions as shown on the Consolidated Statements of Financial Position consisted of the following at June 30:

|   | 2023         | 2022         |
|---|--------------|--------------|
| Subject to expenditure for specified purpose: |              |              |
| Boca Grande Child Care Center                 | \$ 640,249   | \$ 625,518   |
| Disaster Response                             | 2,997,002    | 118,972      |
| Clare House                                   | 2,844        | 4,291        |
| Counseling                                    | 42,917       | 78,830       |
| Direct Assistance                             | 261,286      | 442,768      |
| Guadalupe Social Services                     | 1,347,335    | 1,437,751    |
| Other   | 769,520      | 476,293      |
| Our Mother's House                            | 157,472      | 158,658      |
| Rural Services Programs                       | 56,689       | 83,851       |
| Total purpose restrictions                    | 6,275,314    | 3,426,932    |
| Perpetual in nature:                          |              |              |
| Charitable gift annuities                     | 1,672        | 1,672        |
| Total perpetual in nature                     | 1,672        | 1,672        |
| Total net assets with donor restrictions      | \$ 6,276,986 | \$ 3,428,604 |

# Catholic Charities Diocese of Venice, Inc. and Related Entity

Notes to Consolidated Financial Statements (Continued)

June 30, 2023 and 2022

## 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:

|   | <b>2023</b> | <b>2022</b> |
|---|-------------|-------------|
| Satisfaction of purpose restrictions:       |             |             |
| Boca Grande Child Care Center               | \$ 170,807  | \$ -        |
| Disaster Response                           | 64,630      | 93,267      |
| Counseling                                  | 59,113      | 28,830      |
| Direct Assistance                           | 232,815     | 146,008     |
| Guadalupe Social Services                   | 106,427     | 51,545      |
| Other                                       | 158,473     | 170,155     |
| Our Mother's House                          | 55,653      | 29,297      |
| Rural Services Programs                     | 53,447      | 119,939     |
| Total net assets released from restrictions | \$ 901,365  | \$ 639,041  |

## 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 Plans cover 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 covers all members in the Prior Plan who are designated as transferred members immediately prior to July 1, 2012. All other eligible employees of the Diocese of Venice, 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.

The following table discloses quantitative information of the Pension Plan as of and for the year ended February 1, 2023, which is the date of the latest actuarial valuation.

| Legal Name<br>and Plan<br>Number                               | Plan EIN   | Actuarial<br>present<br>value of<br>accumulated<br>plan benefits | Fair value<br>of plan<br>assets | Total<br>contributions | Long<br>Term<br>Funded<br>Status |
|--|------------|--|---------------------------------|------------------------|----------------------------------|
| Diocese of<br>Venice<br>Pension Plan<br>& Trust,<br>Number 001 | 45-6947361 | \$ 114,567,612   | \$ 116,114,843                  | \$ 4,636,453           | 101%                             |

# Catholic Charities Diocese of Venice, Inc. and Related Entity

Notes to Consolidated Financial Statements (Continued)

June 30, 2023 and 2022

## 9. Employee Retirement Plans (Continued)

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 and the Diocese through 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, 2023 and 2022 totaled \$332,604 and \$359,323, respectively.

## 10. Lease Commitments

Catholic Charities has entered into an operating lease agreement for equipment expiring through fiscal year 2028 with a lease term of five years. Catholic Charities also leases various equipment, storage areas and office facilities under short-term or month-to-month agreements for providing its program services.

Operating lease expenses are recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the year ended June 30, 2023:

### Lease Expense:

|                               |    |         |
|-------------------------------|----|---------|
| Operating lease expense       | \$ | 13,788  |
| Finance lease expense         |    |         |
| Amortization of ROU assets    |    | -       |
| Interest on lease liabilities |    | -       |
| Short-term lease expense      |    | 191,208 |
| Variable lease expense        |    | -       |
| Sublease income               |    | -       |
| Total lease expense           | \$ | 204,996 |

### Other Information:

|   |    |         |
|---|----|---------|
| (Gains) losses on sale-leaseback transactions, net                      | \$ | -       |
| Cash paid for amounts included in the measurement of lease liabilities: |    |         |
| Operating cash flows from finance leases (i.e. Interest)                |    | -       |
| Financing cash flows from finance leases (i.e. principal portion)       |    | -       |
| Operating cash flows from operating leases                              |    | -       |
| ROU assets obtained in exchange for new finance lease liabilities       |    | -       |
| ROU assets obtained in exchange for new operating lease liabilities     |    | 126,316 |
| Weighted-average remaining lease term in years for finance leases       |    | -       |
| Weighted-average remaining lease term in years for operating leases     |    | 4.50    |
| Weighted-average discount rate for finance leases                       |    | -       |
| Weighted-average discount rate for operating leases                     |    | 3.63%   |

### Maturity Analysis

#### Years Ended June 30:

|                               | Finance<br>Lease | Operating<br>Lease |
|-------------------------------|------------------|--------------------|
| 2024                          | \$ -             | \$ 27,544          |
| 2025                          | -                | 27,544             |
| 2026                          | -                | 27,544             |
| 2027                          | -                | 27,544             |
| 2028                          | -                | 13,774             |
| Total undiscounted cash flows | -                | 123,950            |
| Less: present value discount  | -                | (9,408)            |
| Total lease liabilities       | \$ -             | \$ 114,542         |

# Catholic Charities Diocese of Venice, Inc. and Related Entity

Notes to Consolidated Financial Statements (Continued)

June 30, 2023 and 2022

## 11. Related Party Transactions

### Contributions, Pension and Insurance

The Diocese contributes significant funds to Catholic Charities each year. For the years ended June 30, 2023 and 2022, \$1,486,140 and \$1,460,000 respectively, or approximately 10% and 12% 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, receives information technology services from the Diocese and purchases life, health, liability, and property insurance from the Diocese.

For the years ended June 30, 2023 and 2022, Catholic Charities paid the following amounts to the Diocese:

|   | <u>2023</u>         | <u>2022</u>         |
|---|---------------------|---------------------|
| Pension and 403(b) contributions  | \$ 332,604          | \$ 358,698          |
| Group health, dental and life insurance                                     | 1,056,684           | 836,987             |
| Property, auto, liability, worker's compensation and unemployment insurance | 282,858             | 212,118             |
| Information technology services   | 57,255              | 50,820              |
| Leased building St. Paul Parish - Arcadia                                   | 70,680              | -                   |
| Total payments to the Diocese   | <u>\$ 1,800,081</u> | <u>\$ 1,458,623</u> |

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

During the years ended June 30, 2023 and 2022, Catholic Charities received contributions from Catholic Charities Foundation totaling \$388,381 and \$617,421, respectively. These amounts are included under Catholic and Other Organizations support in the accompanying Consolidated Statements of Activities.

### Cash Deposits

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

### Guarantees with Housing Entities

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.

## 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.

The Lee County assets are considered a component of both the net assets with and without donor restrictions as of June 30, 2023 and 2022. Services are provided primarily to the Hispanic and Haitian populations within Lee County.

# Catholic Charities Diocese of Venice, Inc. and Related Entity

Notes to Consolidated Financial Statements (Continued)

June 30, 2023 and 2022

## 12. Lee County Operations (Continued)

|  | <u>2023</u>       |           | <u>2022</u>    |
|--|-------------------|-----------|----------------|
| Cash-restricted  | \$ 150,983        | \$        | 143,297        |
| Contracts receivable   | 109,332           |           | 167,985        |
| Land, building and equipment, net of accumulated depreciation<br>of \$345,044 and \$299,129 respectively | 250,311           |           | 247,426        |
| Total Lee County assets  | <u>\$ 510,626</u> | <u>\$</u> | <u>558,708</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, 2023 and 2022.

## 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, 2023 and 2022 amounted to \$8,063,534 and \$7,268,038, 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. Insurance Proceeds

On September 28, 2022, the entire Southwest Florida region was hit by Category 4 Hurricane Ian. The impacts of the storm damage were widespread and affected almost every county within the 10 county region of Catholic Charities. Several Catholic Charities facilities were damaged by the storm. During fiscal year ended June 30, 2023, Catholic Charities repaired the facilities and offset the insurance proceeds against the costs to repair the building, resulting in a net cost of approximately \$233,000. The net costs were included in maintenance and equipment expense on the accompanying consolidated statement of functional expenses for the year ended June 30, 2023.

## 16. Subsequent Events

Catholic Charities has evaluated all events subsequent to the Consolidated Statements of Financial Position date of June 30, 2023 through the date these consolidated financial statements were available to be issued, October 26, 2023, and have determined that, except as set forth below, there were no subsequent events that require disclosure under the FASB Accounting Standards Codification.

On August 24, 2023, Catholic Charities purchased the final 2 acres of the total 7.5 acre Immokalee mixed use project for approximately \$600,000. This last purchase paves the way for the next phase of the project which will be development. The project will entail worker housing, and retail as well as CCDOV program offices.



## **Supplemental Information**

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

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

| Federal Grantor/Pass-through<br>Grantor/Program Title               | Assistance Listing<br>Number | Pass-through<br>Entity Identification<br>or Contract Number | Total<br>Reimbursable<br>Expenditures |
|---|------------------------------|---|---------------------------------------|
| <b>FEDERAL GRANTS AND CONTRACTS</b>                                 |                              |   |                                       |
| <u>U.S. Department of Agriculture</u>                               |                              |   |                                       |
| Passed-through Catholic Charities USA                               |                              |   |                                       |
| Agricultural Worker Pandemic Relief and Protection Program          | 10.181                       | AM22FFWVA0007-00  | 228,219                               |
| Passed-through State of Florida Department of Children and Families |                              |   |                                       |
| State Administrative Matching Grants for the Supplemental           |                              |   |                                       |
| Nutrition Assistance Program  | 10.561                       | LF927   | 69,360                                |
| Total U.S. Department of Agriculture                                |                              |   | <u>297,579</u>                        |
| <u>U.S. Department of Housing and Urban Development</u>             |                              |   |                                       |
| Passed-through Suncoast Partnership to End Homelessness, Inc.       |                              |   |                                       |
| Emergency Solutions Grant Program                                   | 14.231                       | E-20-UW-12-0014   | 165,153                               |
| Passed-through The Lee Board of County Commissioners                |                              |   |                                       |
| Emergency Solutions Grant Program                                   | 14.231                       | 8909 & 9692   | 225,434                               |
| Total CFDA 14.231 Emergency Solutions Grant Program                 |                              |   | <u>390,587</u>                        |
| Passed-through the City of Bonita Springs                           |                              |   |                                       |
| Community Development Block Grant COVID                             | 14.218                       | BSC-22-11-221   | 82,786                                |
| Passed-through Gulf Coast Partnership, Inc.                         |                              |   |                                       |
| Continuum of Care Program   | 14.267                       | CCDOV-YHDP-22-24  | 100,586                               |
| Continuum of Care Program   | 14.267                       | FL0828L4H002102   | 34,027                                |
| Total CFDA 14.267 Continuum of Care Program                         |                              |   | <u>134,613</u>                        |
| Total U.S. Department of Housing and Urban Development              |                              |   | <u>607,986</u>                        |
| <u>U.S. Department of Justice</u>                                   |                              |   |                                       |
| Services for Trafficking Victims                                    | 16.320                       | 2019-VT-BX-0094   | 237,992                               |
| Services for Trafficking Victims                                    | 16.320                       | 2020-VT-BX-0074   | 155,913                               |
| Services for Trafficking Victims                                    | 16.320                       | 15POVC-22GG03758-HT   | 20,208                                |
| Total CFDA 16.320 Services for Trafficking Victims                  |                              |   | <u>414,113</u>                        |
| Total U.S. Department of Justice                                    |                              |   | <u>414,113</u>                        |
| <u>U.S. Department of the Treasury</u>                              |                              |   |                                       |
| Passed-through Lee County   |                              |   |                                       |
| Coronavirus State and Local Fiscal Recovery Funds                   | 21.027                       | ARPA-DC311B1  | 124,374                               |
| Passed-through Community Foundation Collier County                  |                              |   |                                       |
| Coronavirus State and Local Fiscal Recovery Funds                   | 21.027                       | CCDOV   | 43,463                                |
| Passed-through United Way of Lee County                             |                              |   |                                       |
| Coronavirus State and Local Fiscal Recovery Funds                   | 21.027                       | ARPA-UW216A   | 119,511                               |
| Coronavirus State and Local Fiscal Recovery Funds                   | 21.027                       | ARPA-UW2226A  | 22,052                                |
| Total CFDA 21.027 Coronavirus State and Local Fiscal Recovery Funds |                              |   | <u>309,400</u>                        |
| Total U.S. Department of the Treasury                               |                              |   | <u>309,400</u>                        |
| <u>Department of Homeland Security</u>                              |                              |   |                                       |
| Emergency Food and Shelter National Board Program                   | 97.024                       | Various   | 203,658                               |
| Passed-through Volunteer Florida                                    |                              |   |                                       |
| Volunteer Florida 2022 Hurricane Ian                                | 97.888                       | DR-4673-FL  | 35,998                                |
| Total Department of Homeland Security                               |                              |   | <u>239,656</u>                        |
| <b>Total Federal Grants and Contracts</b>                           |                              |   | \$ <u><u>1,868,734</u></u>            |

## **Catholic Charities, Diocese of Venice, Inc. and Related Entity**

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2023

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### **Notes to the Schedule of Expenditures of Federal Awards**

#### **Note 1 - Basis of Presentation**

This schedule includes the federal 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 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, 2023.

# Catholic Charities, Diocese of Venice, Inc. and Related Entity

## Schedule of Revenues and Expenses - Lee County Funded Programs of Catholic Charities Year Ended June 30, 2023

|   | <b>Without Donor Restrictions</b> |                            |                          |                             |
|---|-----------------------------------|----------------------------|--------------------------|-----------------------------|
|   | <b>Social<br/>Services</b>        | <b>Education</b>           | <b>Citizenship</b>       | <b>Elderly<br/>Services</b> |
| Support:                                      |                                   |                            |                          |                             |
| Diocese of Venice                             | \$ 32,500                         | \$ 110,000                 | \$ 50,000                | \$ 75,250                   |
| Contributions                                 | 18,574                            | 67,191                     | -                        | -                           |
| Board of County Commissioners, Lee County     | 757,340                           | 95,405                     | -                        | 17,470                      |
| United Way grants                             | -                                 | 37,214                     | -                        | 57,710                      |
| Federal grants                                | 349,807                           | -                          | -                        | -                           |
| Other grants                                  | -                                 | 27,658                     | -                        | -                           |
| Total support                                 | <u>1,158,221</u>                  | <u>337,468</u>             | <u>50,000</u>            | <u>150,430</u>              |
| Revenues:                                     |                                   |                            |                          |                             |
| Program service fees                          | -                                 | 7,907                      | 49,991                   | -                           |
| Total revenues                                | <u>-</u>                          | <u>7,907</u>               | <u>49,991</u>            | <u>-</u>                    |
| Net assets released from restrictions         | <u>4,520</u>                      | <u>11,575</u>              | <u>-</u>                 | <u>5,000</u>                |
| Total support, revenues and reclassifications | <u>1,162,741</u>                  | <u>356,950</u>             | <u>99,991</u>            | <u>155,430</u>              |
| Expenses:                                     |                                   |                            |                          |                             |
| Salaries                                      | 347,830                           | 212,567                    | 47,733                   | 100,128                     |
| Conferences, meetings and dues                | 145                               | 5,607                      | 2,830                    | -                           |
| Employee benefits                             | 117,918                           | 63,627                     | 18,855                   | 35,034                      |
| General insurance                             | 3,741                             | 13,178                     | 1,753                    | 1,722                       |
| Maintenance and equipment                     | 7,489                             | 81,248                     | 1,243                    | 1,833                       |
| Office supplies and postage                   | 7,134                             | 17,550                     | 3,843                    | 2,390                       |
| Other   | -                                 | 38,217                     | -                        | -                           |
| Outside services                              | 17,873                            | 29,645                     | 14,168                   | 13,662                      |
| Payroll taxes                                 | 25,746                            | 15,867                     | 3,270                    | 7,388                       |
| Professional fees                             | 4,160                             | 1,805                      | 537                      | 948                         |
| Rent and utilities                            | 9,244                             | 19,554                     | 6,063                    | 2,220                       |
| Specific assistance                           | 895,423                           | 9,933                      | -                        | 5,764                       |
| Staff training and recruiting                 | -                                 | 598                        | -                        | -                           |
| Telephone                                     | 11,921                            | 15,947                     | 3,714                    | 4,671                       |
| Travel  | 11,907                            | 571                        | -                        | 2,863                       |
| Total expenses                                | <u>1,460,531</u>                  | <u>525,914</u>             | <u>104,009</u>           | <u>178,623</u>              |
| Decrease in net assets                        | \$ <u><u>(297,790)</u></u>        | \$ <u><u>(168,964)</u></u> | \$ <u><u>(4,018)</u></u> | \$ <u><u>(23,193)</u></u>   |

| <b>Total<br/>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>               |
|---|------------------------------------|----------------------------|
| \$ 267,750                                      | \$ -                               | \$ 267,750                 |
| 85,765  | 21,095                             | 106,860                    |
| 870,215   | -                                  | 870,215                    |
| 94,924  | -                                  | 94,924                     |
| 349,807   | -                                  | 349,807                    |
| 27,658  | -                                  | 27,658                     |
| <u>1,696,119</u>                                | <u>21,095</u>                      | <u>1,717,214</u>           |
| <br>  |                                    |                            |
| <u>57,898</u>                                   | <u>-</u>                           | <u>57,898</u>              |
| <u>57,898</u>                                   | <u>-</u>                           | <u>57,898</u>              |
| <br>  |                                    |                            |
| <u>21,095</u>                                   | <u>(21,095)</u>                    | <u>-</u>                   |
| <br>  |                                    |                            |
| <u>1,775,112</u>                                | <u>-</u>                           | <u>1,775,112</u>           |
| <br>  |                                    |                            |
| 708,258   | -                                  | 708,258                    |
| 8,582   | -                                  | 8,582                      |
| 235,434   | -                                  | 235,434                    |
| 20,394  | -                                  | 20,394                     |
| 91,813  | -                                  | 91,813                     |
| 30,917  | -                                  | 30,917                     |
| 38,217  | -                                  | 38,217                     |
| 75,348  | -                                  | 75,348                     |
| 52,271  | -                                  | 52,271                     |
| 7,450   | -                                  | 7,450                      |
| 37,081  | -                                  | 37,081                     |
| 911,120   | -                                  | 911,120                    |
| 598   | -                                  | 598                        |
| 36,253  | -                                  | 36,253                     |
| 15,341  | -                                  | 15,341                     |
| <u>2,269,077</u>                                | <u>-</u>                           | <u>2,269,077</u>           |
| <br>  |                                    |                            |
| \$ <u><u>(493,965)</u></u>                      | \$ <u><u>-</u></u>                 | \$ <u><u>(493,965)</u></u> |

## **Contract Compliance**

**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 consolidated financial statements of Catholic Charities, Diocese of Venice, Inc. (the Organization), which comprise the consolidated statement of financial position as of June 30, 2023, and 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 October 26, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 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 Organization'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 were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 consolidated 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kukuing Barbunio & Co.*

Sarasota, Florida  
October 26, 2023



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

We have audited Catholic Charities, Diocese of Venice, Inc. (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2023. 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.

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, 2023.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

#### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

## **Auditor's 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 the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization'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 the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

*Kukuing Barbenio & Co.*

Sarasota, Florida  
October 26, 2023

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**Catholic Charities, Diocese of Venice, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2023**

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**Section I - Summary of Auditor's Results**

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***Financial Statements***

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                     yes         no
  
- Significant deficiency(ies) identified  
that are not considered to be material  
weakness(es)?     yes         none reported

Noncompliance material to financial statements noted?                     yes         no

***Federal Awards***

Internal control over major federal programs:

- Material weakness(es) identified?                     yes         no
  
- Significant deficiency(ies) identified  
that are not considered to be material  
weakness(es)?     yes         none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516 (a)?                     yes         no

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**Catholic Charities, Diocese of Venice, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2023**

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

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Federal Programs Tested as Major Programs:

| <u>Assistance Listing 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

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**Section II - Financial Statement Findings**

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None

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**Section III - Federal Award Findings and Questioned Costs**

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None

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**Section IV - Summary Schedule of Prior Audit Findings**

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None