

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

Consolidated Financial Statements,
Supplemental Information,
Contract Compliance and
Independent Auditor's Report
June 30, 2025 and 2024

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Kerkering, Barberio & Co.
Certified Public Accountants

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, 2025 and 2024, 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, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 29, 2025 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.

KerKuing Barbino & Co.

Sarasota, Florida
October 29, 2025

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

Consolidated Statements of Financial Position

June 30, 2025 and 2024

	2025	2024
Assets		
Current Assets:		
Cash and cash equivalents	\$ 6,126,764	\$ 6,216,718
Contracts and grants receivable	1,110,112	1,352,723
Accounts receivable	41,700	28,324
Prepaid insurance and other expenses	329,104	279,502
Total current assets	7,607,680	7,877,267
Beneficial interest in gift annuities	111,352	65,178
Land, building and equipment, net	9,524,461	8,369,180
Right-of-use asset	83,364	114,651
	\$ 17,326,857	\$ 16,426,276
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 377,675	\$ 173,379
Accrued expenses	273,418	225,938
Refundable advances	3,600	7,710
Current portion of long-term debt	1,017,467	-
Short-term lease liability	32,442	31,287
Total current liabilities	1,704,602	438,314
Other Liabilities:		
Long-term debt	-	80,000
Long-term lease liability	50,922	83,364
Total liabilities	1,755,524	601,678
Net Assets:		
Without donor restrictions:		
Undesignated	994,273	882,811
Board designated	1,445,250	1,730,007
Designated for land, building and equipment	8,506,994	8,289,180
Total net assets without donor restrictions	10,946,517	10,901,998
With donor restrictions:		
Purpose and time restrictions	4,623,144	4,920,928
Perpetual in nature	1,672	1,672
Total net assets with donor restrictions	4,624,816	4,922,600
Total net assets	15,571,333	15,824,598
Total Liabilities and Net Assets	\$ 17,326,857	\$ 16,426,276

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Activities

Year Ended June 30, 2025

(With Summarized Totals for 2024)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2025 Total</u>	<u>2024 Total</u>
Support:				
Diocese of Venice	\$ 1,474,860	\$ -	\$ 1,474,860	\$ 1,440,000
Contributions	2,365,822	443,980	2,809,802	2,319,480
In-kind contributions	125,159	-	125,159	46,140
Government grants and contracts	4,448,221	-	4,448,221	4,578,272
United Way grants	151,953	-	151,953	192,876
Catholic and other organizations	979,108	1,877,909	2,857,017	2,598,553
Other grants	748,511	329,419	1,077,930	1,089,035
Total support	<u>10,293,634</u>	<u>2,651,308</u>	<u>12,944,942</u>	<u>12,264,356</u>
Revenue:				
Program service fees	413,051	-	413,051	581,375
Interest and dividends	281,819	-	281,819	145,611
Change in value of gift annuities	10,372	-	10,372	687
Other income	526,653	-	526,653	33,177
Total revenue	<u>1,231,895</u>	<u>-</u>	<u>1,231,895</u>	<u>760,850</u>
Net assets released from restriction	<u>2,949,092</u>	<u>(2,949,092)</u>	<u>-</u>	<u>-</u>
Special events revenue	1,897,401	-	1,897,401	1,685,110
Less direct costs of special events	<u>(721,694)</u>	<u>-</u>	<u>(721,694)</u>	<u>(554,951)</u>
Net revenue from special events	<u>1,175,707</u>	<u>-</u>	<u>1,175,707</u>	<u>1,130,159</u>
Total support, revenue and reclassifications	<u>15,650,328</u>	<u>(297,784)</u>	<u>15,352,544</u>	<u>14,155,365</u>
Expenses:				
Program services	13,786,840	-	13,786,840	14,532,833
Management and general	1,453,852	-	1,453,852	1,725,939
Fund raising	365,117	-	365,117	146,686
Total expenses	<u>15,605,809</u>	<u>-</u>	<u>15,605,809</u>	<u>16,405,458</u>
Change in net assets	44,519	(297,784)	(253,265)	(2,250,093)
Net assets at beginning of year	<u>10,901,998</u>	<u>4,922,600</u>	<u>15,824,598</u>	<u>18,074,691</u>
Net assets at end of year	<u>\$ 10,946,517</u>	<u>\$ 4,624,816</u>	<u>\$ 15,571,333</u>	<u>\$ 15,824,598</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, 2024

(With Summarized Totals for 2025)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2025 Total
Support:				
Diocese of Venice	\$ 1,440,000	\$ -	\$ 1,440,000	\$ 1,474,860
Contributions	2,057,331	262,149	2,319,480	2,809,802
In-kind contributions	46,140	-	46,140	125,159
Government grants and contracts	4,535,959	42,313	4,578,272	4,448,221
United Way grants	165,484	27,392	192,876	151,953
Catholic and other organizations	1,770,637	827,916	2,598,553	2,857,017
Other grants	660,130	428,905	1,089,035	1,077,930
Total support	10,675,681	1,588,675	12,264,356	12,944,942
Revenue:				
Program service fees	581,375	-	581,375	413,051
Interest and dividends	145,611	-	145,611	281,819
Change in value of gift annuities	687	-	687	10,372
Other income	33,177	-	33,177	526,653
Total revenue	760,850	-	760,850	1,231,895
Net assets released from restrictions	2,943,061	(2,943,061)	-	-
Special events revenue	1,685,110	-	1,685,110	1,897,401
Less direct costs of special events	(554,951)	-	(554,951)	(721,694)
Net revenue from special events	1,130,159	-	1,130,159	1,175,707
Total support, revenue and reclassifications	15,509,751	(1,354,386)	14,155,365	15,352,544
Expenses:				
Program services	14,532,833	-	14,532,833	13,786,840
Management and general	1,725,939	-	1,725,939	1,453,852
Fund raising	146,686	-	146,686	365,117
Total expenses	16,405,458	-	16,405,458	15,605,809
Change in net assets	(895,707)	(1,354,386)	(2,250,093)	(253,265)
Net assets at beginning of year	11,797,705	6,276,986	18,074,691	15,824,598
Net assets at end of year	\$ 10,901,998	\$ 4,922,600	\$ 15,824,598	\$ 15,571,333

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, 2025

(With Summarized Totals for 2024)

	<u>Family Reunification</u>	<u>Prevention and Social Services</u>	<u>Counseling and Education</u>	<u>Total Program Services</u>
Salaries	\$ 970,644	\$ 2,840,145	\$ 1,186,716	\$ 4,997,505
Employee benefits	325,327	878,535	372,884	1,576,746
Specific assistance	634,818	2,949,460	67,191	3,651,469
Outside services	197,417	421,475	390,412	1,009,304
Rent and utilities	116,530	295,300	73,525	485,355
Payroll taxes	70,613	209,847	85,618	366,078
Maintenance and equipment	84,683	189,700	76,755	351,138
Depreciation	100,861	323,817	106,170	530,848
Communications	36,550	84,133	25,950	146,633
Office supplies and postage	6,017	58,789	37,872	102,678
Travel	14,200	86,553	8,526	109,279
Promotion	1,414	8,353	5,792	15,559
Printing	14,239	22,797	11,950	48,986
Other	5,265	8,464	54,177	67,906
Conferences, meetings and dues	12,748	33,882	47,293	93,923
Professional fees	8,284	23,057	6,945	38,286
General insurance	65,410	75,791	33,996	175,197
Staff training and recruiting	433	1,313	799	2,545
Interest expense	-	17,405	-	17,405
Total functional expenses	\$ <u>2,665,453</u>	\$ <u>8,528,816</u>	\$ <u>2,592,571</u>	\$ <u>13,786,840</u>

Management and General	Fund Raising	2025 Total	2024 Total
\$ 365,604	\$ 116,389	\$ 5,479,498	\$ 5,485,057
148,837	43,814	1,769,397	1,806,864
1,474	-	3,652,943	4,180,666
445,970	95,167	1,550,441	1,592,852
155,688	2,228	643,271	543,979
33,782	3,110	402,970	401,001
35,891	265	387,294	693,333
16,418	-	547,266	541,314
38,948	2,197	187,778	210,526
25,156	564	128,398	152,352
43,892	1,244	154,415	144,325
-	75,311	90,870	39,793
21,048	5,557	75,591	99,120
16,145	485	84,536	57,367
99,090	12,339	205,352	233,480
4,595	2,319	45,200	51,515
1,097	4,067	180,361	168,661
217	61	2,823	3,253
-	-	17,405	-
<u>\$ 1,453,852</u>	<u>\$ 365,117</u>	<u>\$ 15,605,809</u>	<u>\$ 16,405,458</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, 2024

(With Summarized Totals for 2025)

	<u>Family Reunification</u>	<u>Prevention and Social Services</u>	<u>Counseling and Education</u>	<u>Total Program Services</u>
Salaries	\$ 819,475	\$ 3,087,310	\$ 1,150,527	\$ 5,057,312
Employee benefits	287,694	954,980	402,756	1,645,430
Specific assistance	537,585	3,604,344	32,620	4,174,549
Outside services	173,950	327,614	400,927	902,491
Rent and utilities	116,658	257,242	31,340	405,240
Payroll taxes	59,984	226,773	79,838	366,595
Maintenance and equipment	124,401	400,847	94,082	619,330
Depreciation	99,765	320,295	105,015	525,075
Communications	39,412	110,875	23,520	173,807
Office supplies and postage	13,249	58,760	57,337	129,346
Travel	12,084	78,564	10,755	101,403
Promotion	1,487	9,200	-	10,687
Printing	10,894	25,156	17,173	53,223
Other	4,818	2,425	37,775	45,018
Conferences, meetings and dues	14,291	67,278	28,833	110,402
Professional fees	7,609	26,680	10,634	44,923
General insurance	61,634	75,175	28,729	165,538
Staff training and recruiting	164	2,088	212	2,464
Interest expense	-	-	-	-
Total functional expenses	\$ <u>2,385,154</u>	\$ <u>9,635,606</u>	\$ <u>2,512,073</u>	\$ <u>14,532,833</u>

Management and General	Fund Raising	2024 Total	2025 Total
\$ 339,811	\$ 87,934	\$ 5,485,057	\$ 5,479,498
125,729	35,705	1,806,864	1,769,397
6,117	-	4,180,666	3,652,943
600,313	90,048	1,592,852	1,550,441
136,664	2,075	543,979	643,271
33,570	836	401,001	402,970
72,357	1,646	693,333	387,294
16,239	-	541,314	547,266
33,413	3,306	210,526	187,778
22,070	936	152,352	128,398
42,512	410	144,325	154,415
-	29,106	39,793	90,870
12,331	33,566	99,120	75,591
11,918	431	57,367	84,536
95,108	27,970	233,480	205,352
5,577	1,015	51,515	45,200
-	3,123	168,661	180,361
789	-	3,253	2,823
-	-	-	17,405
<u>\$ 1,554,518</u>	<u>\$ 318,107</u>	<u>\$ 16,405,458</u>	<u>\$ 15,605,809</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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ <u>(253,265)</u>	\$ <u>(2,250,093)</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	547,266	541,314
Gain on disposal of fixed assets	(1,981)	-
Forgiveness of mortgage payable	(80,000)	-
Non-cash interest added to mortgage payable	17,405	-
Contribution of beneficial interest in gift annuity	(35,802)	(28,956)
Change in value of gift annuities	(10,372)	(687)
Change in operating assets:		
Contracts and grants receivable	242,611	(882,319)
Accounts receivable	(13,376)	110,472
Prepaid insurance and other expenses	(49,602)	7,242
Change in operating liabilities:		
Accounts payable	204,296	(283,924)
Accrued expenses	47,480	(46,442)
Refundable advances	(4,110)	(32,300)
Total adjustments	<u>863,815</u>	<u>(615,600)</u>
Net cash provided by (used in) operating activities	<u>610,550</u>	<u>(2,865,693)</u>
Cash Flows from Investing Activities:		
Purchases of land, building and equipment	(1,700,566)	(890,969)
Proceeds from mortgage payable	<u>1,000,062</u>	<u>-</u>
Net cash used in investing activities	<u>(700,504)</u>	<u>(890,969)</u>
Net change in cash and cash equivalents	(89,954)	(3,756,662)
Cash and cash equivalents - beginning of year	6,216,718	9,973,380
Cash and cash equivalents - end of year	<u>\$ <u>6,126,764</u></u>	<u>\$ <u>6,216,718</u></u>
Supplemental Disclosure of Cash Flow Information		
Fixed asset additions acquired through trade-in	<u>\$ <u>49,000</u></u>	<u>\$ <u>-</u></u>

See accompanying notes to consolidated financial statements.

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

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 21 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, 2025 and 2024

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, 2025 and 2024

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 represent 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 credit losses 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 credit losses 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 credit losses has been recorded in the accompanying consolidated financial statements.

Beneficial Interest in Gift Annuity

Catholic Charities has been named beneficiary of three gift annuity agreements. The recorded beneficial interest is Catholic Charities' portion of the charitable remainder interest of the 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. Adjustments of \$10,372 and \$687 were recorded to increase the beneficial interest in gift annuities in the Consolidated Statement of Financial Position for the years ended June 30, 2025 and 2024, respectively. The increase is 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, Buildings 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, buildings 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, 2025 and 2024

2. Summary of Significant Accounting Policies (Continued)

Land, Buildings and Equipment (Continued)

Expenditures exceeding \$5,000 that significantly add to 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 five to twenty 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, 2025 and 2024 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, 2022 through June 30, 2025.

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 is 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 coordinate its charitable activities. The fair market value of the donated space in the amount of \$46,140 and \$46,140 is recorded in the accompanying consolidated financial statements for the years ended June 30, 2025 and 2024, 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. The Diocese of Venice also provides shared services to Catholic Charities. The fair market value of these services is \$78,944 for the year ended June 30, 2025 and is recorded as in-kind contributions and outside services expense in the Consolidated Statement of Activities.

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2025 and 2024

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.

Leases

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 right-of-use (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).

Reclassification

To facilitate comparison of financial data, certain amounts in the 2024 financial statements have been reclassified to conform to the 2025 reporting presentation. Such reclassifications had no effect on the change in net assets previously reported.

3. Liquidity and Availability

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

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 6,126,764	\$ 6,216,718
Contracts and grants receivable	1,110,112	1,352,723
Accounts receivable	41,700	28,324
Total financial assets available	<u>7,278,576</u>	<u>7,597,765</u>
Less: Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose and time restrictions	(4,623,144)	(4,920,928)
Restrictions perpetual in nature	<u>(1,672)</u>	<u>(1,672)</u>
Total amounts unavailable for general expenditures within one year	<u>(4,624,816)</u>	<u>(4,922,600)</u>

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2025 and 2024

3. Liquidity and Availability (Continued)

	2025	2024
Less: Amounts unavailable to management without Board approval:		
Board-designated for specific programs	(555,448)	(532,211)
Board-designated for disaster loss	(500,000)	(500,000)
Board-designated for capital facility needs	(389,802)	(697,796)
Total amounts unavailable to management without Board approval:	(1,445,250)	(1,730,007)
Total financial assets available to management for general expenditure within one year	\$ 1,208,510	\$ 945,158

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 \$1,445,250 and \$1,730,007 at June 30, 2025 and 2024, 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:

	2025	2024
Land	\$ 4,762,879	\$ 3,830,153
Land improvements	68,513	16,800
Buildings	8,707,662	8,409,563
Equipment	447,642	522,214
Vehicles	329,609	258,625
Leasehold improvements	902,022	714,482
Construction in progress	41,070	-
	15,259,397	13,751,837
Less: accumulated depreciation	(5,734,936)	(5,382,657)
Land, building and equipment, net	\$ 9,524,461	\$ 8,369,180

Depreciation expense for the years ended June 30, 2025 and 2024 totaled \$547,266 and \$541,314, 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 if 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, 2025 and 2024, government funded assets had a total net book value of \$449,007 and \$486,361, respectively.

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2025 and 2024

5. 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 was forgiven during the year ended June 30, 2025. 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. The balance of the mortgage payable totaled \$0 and \$80,000 for the years ended June 30, 2025 and 2024, respectively. The forgiveness of the mortgage payable was recognized as other income on the Consolidated Statement of Activities as of June 30, 2025.

During the fiscal year 2025, Catholic Charities incurred a mortgage, which is payable to the Diocese of Venice, a related party, in the amount of \$1,000,062. This note bears interest at the rate of 5.25% per annum. The Diocese of Venice will subsidize the interest accrued on the loan should Catholic Charities repay the principal amount within one calendar year. Management will pay the loan back next year when expected funding is received. The note is secured by a lien on certain real property and may be prepaid in full at any time without penalty. The balance of the mortgage payable and related accrued interest totaled \$1,017,467 as of June 30, 2025.

6. Board Designated Net Assets

As of June 30, 2025 and 2024, Catholic Charities had Board designated net assets of the following for future program services:

	2025	2024
Boca Grande Child Care Center	\$ 555,448	\$ 532,211
Capital Facility Needs	389,802	697,796
Disaster Loss	500,000	500,000
Total board designated net assets	\$ 1,445,250	\$ 1,730,007

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:

	2025	2024
Subject to expenditure for specified purpose:		
Boca Grande Child Care Center	\$ 444,943	\$ 623,442
Disaster Response	2,619,413	2,409,525
Clare House	2,334	2,844
Counseling	13,089	25,000
Direct Assistance	120,944	234,763
Guadalupe Social Services	557,059	567,747
Other	744,297	893,945
Our Mother's House	86,737	99,973
Rural Services Programs	34,328	63,689
Total purpose restrictions	4,623,144	4,920,928
Perpetual in nature:		
Charitable gift annuities	1,672	1,672
Total perpetual in nature	1,672	1,672
Total net assets with donor restrictions	\$ 4,624,816	\$ 4,922,600

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2025 and 2024

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:

	<u>2025</u>	<u>2024</u>
Satisfaction of purpose restrictions:		
Boca Grande Child Care Center	\$ 386,137	\$ 249,891
Disaster Response	1,810,749	1,401,363
Counseling	21,240	124,540
Direct Assistance	177,062	199,740
Guadalupe Social Services	131,502	783,523
Other	368,772	104,818
Our Mother's House	15,718	57,498
Rural Services Programs	37,912	21,688
Total net assets released from restrictions	<u>\$ 2,949,092</u>	<u>\$ 2,943,061</u>

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 was 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 was a qualified plan and was exempt from income taxes under the provisions of the Internal Revenue Code (IRC). The Pension Plan was a "Church Plan" as defined in Section 414(e) of the IRC and was exempt from Title I of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. Effective December 31, 2024, the Pension Plan was terminated and all plan assets were distributed out of the plan during calendar year 2025.

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, 2025 and 2024 totaled \$478,522 and \$496,350, 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:

Lease Expense:

	<u>2025</u>	<u>2024</u>
Operating lease expense	\$ 36,743	\$ 33,709
Short-term lease expense	347,858	279,088
Total lease expense	<u>\$ 384,601</u>	<u>\$ 312,797</u>

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2025 and 2024

10. Lease Commitments (Continued)

Other Information:

Operating cash flows from operating leases	\$	36,743	\$	33,709
ROU assets obtained in exchange for new operating lease liabilities	\$	-	\$	23,973
Weighted-average remaining lease term in years for operating leases		2.5		3.5
Weighted-average discount rate for operating leases		3.63%		3.63%

Maturity Analysis

Years Ended June 30:

		<u>Operating Lease</u>
2026	\$	34,932
2027		34,932
2028		17,466
Total undiscounted cash flows		87,330
Less: present value discount		(3,966)
Total lease liabilities	\$	<u>83,364</u>

11. Related Party Transactions

Contributions, Pension and Insurance

The Diocese contributes significant funds to Catholic Charities each year. For the years ended June 30, 2025 and 2024, \$1,600,019 and \$1,486,140 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, 2025 and 2024, Catholic Charities paid the following amounts to the Diocese:

	<u>2025</u>	<u>2024</u>
Pension and 403(b) contributions	\$ 478,522	\$ 496,350
Group health, dental and life insurance	1,097,180	1,213,135
Property, auto, liability, workers compensation and unemployment insurance	305,931	309,837
Information technology services	59,400	59,400
Leased building St. Paul Parish - Arcadia	50,065	70,680
Total payments to the Diocese	<u>\$ 1,991,098</u>	<u>\$ 2,149,402</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, 2025 and 2024, Catholic Charities received contributions from Catholic Charities Foundation totaling \$427,540 and \$432,430, 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.

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2025 and 2024

11. Related Party Transactions (Continued)

Mortgage Payable

Catholic Charities has a mortgage payable to the Diocese. See Note 5 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, 2025 and 2024. Services are provided primarily to the Hispanic and Haitian populations within Lee County.

	<u>2025</u>		<u>2024</u>
Cash-restricted	\$ 84,856	\$	143,805
Contracts receivable	540,609		304,084
Land, building and equipment, net of accumulated depreciation of \$437,877 and \$390,926, respectively	284,532		204,428
Total Lee County assets	<u>\$ 909,997</u>	<u>\$</u>	<u>652,317</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, 2025 and 2024.

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, 2025 and 2024 amounted to \$5,220,561 and \$5,094,136, 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.

Catholic Charities has received significant grants from government agencies. Grant revenues from government agencies were received in the amount of \$4,448,221 and \$4,578,272 or 29% and 36% as of June 30, 2025 and 2024, respectively.

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2025 and 2024

15. Employee Retention Credit Proceeds

Under the provisions of the extension of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) passed by the United States Congress and signed by the President, Catholic Charities is eligible for a refundable employee retention credit (ERC) subject to certain criteria. The American Rescue Plan Act of 2021 extended the statute of limitations for the IRS to audit ERC claims to five years. The normal period is three years, and this extension may indicate that the IRS intends to pursue a more rigorous enforcement approach regarding the ERC program. Management elected to treat the ERC as a gain contingency and not record it until payments were certain. Catholic Charities filed for refunds of the employee retention credit and, received the refund totaling \$444,672 which was recorded in other income on the Consolidated Statement of Activities for the year ended June 30, 2025. Catholic Charities also received the related accrued interest earned on the proceeds, which totaled \$152,093 for the year ended June 30, 2025, which was recorded in interest income on the Consolidated Statement of Activities.

16. Subsequent Events

Catholic Charities has evaluated all events subsequent to the Consolidated Statements of Financial Position date of June 30, 2025 through the date these consolidated financial statements were available to be issued, October 29, 2025, and has determined that, other than set forth below, there were no subsequent events that require disclosure under the FASB Accounting Standards Codification.

Effective August 1, 2025, the Boca Grande Preschool program established its own 501(c)3 and the program was formally separated from Catholic Charities.

Supplemental Information

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

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass-through Entity Identification or Contract Number	Total Reimbursable Expenditures
FEDERAL GRANTS AND CONTRACTS			
<u>U.S. Department of Agriculture</u>			
Passed-through Catholic Charities USA			
Pandemic Relief Activities: Farm and Food Worker Relief Program	10.181	AM22FFWVA0007-00	\$ 21,571
Total U.S. Department of Agriculture			<u>21,571</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed-through The Lee Board of County Commissioners			
Emergency Solutions Grants Program	14.231	9692	11,118
Emergency Solutions Grants Program	14.231	9991	131,727
Emergency Solutions Grants Program	14.231	10429	248,782
Total CFDA 14.231 Emergency Solutions Grants Program			<u>391,627</u>
Passed-through Lee County			
Community Development Block Grants/Entitlement Grants	14.218	DR10189	879,982
Total CFDA 14.218 Community Development Block Grants/Entitlement Grants			<u>879,982</u>
Passed-through Lee County			
Continuum of Care Program	14.267	FL0988D4D032301	215,931
Continuum of Care Program	14.267	FL0988L4D032200	79,556
Total CFDA 14.267 Continuum of Care Program			<u>295,487</u>
Passed-through Gulf Coast Partnership Inc			
Youth Homelessness Demonstration Program	14.276	CCDOV-YHDP-22-24	128,419
Youth Homelessness Demonstration Program	14.276	CCDOV-YHDP-24-25	287,440
Total CFDA 14.276 Youth Homelessness Demonstration Program			<u>415,859</u>
Total U.S. Department of Housing and Urban Development			<u>1,982,955</u>
<u>U.S. Department of Justice</u>			
Services for Trafficking Victims	16.320	15POVC-23GG-04046-HT	287,595
Services for Trafficking Victims	16.320	15POVC-22GG-03758-HT	295,147
Total CFDA 16.320 Services for Trafficking Victims			<u>582,742</u>
Total U.S. Department of Justice			<u>582,742</u>
<u>U.S. Department of the Treasury</u>			
Passed-through Lee County			
Coronavirus State and Local Fiscal Recovery Funds	21.027	ARPA-DC311BI	131,566
Passed-through United Way of Lee County			
Coronavirus State and Local Fiscal Recovery Funds	21.027	ARPA-UW216A	38,515
Coronavirus State and Local Fiscal Recovery Funds	21.027	ARPA-UW226A	68,042
Total CFDA 21.027 Coronavirus State and Local Fiscal Recovery Funds			<u>238,123</u>
Total U.S. Department of the Treasury			<u>238,123</u>
<u>Department of Homeland Security</u>			
Emergency Food and Shelter National Board Program	97.024	Various	82,160

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

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2025

Department of Homeland Security (Continued)

Passed-through Volunteer Florida			
Disaster Assistance Projects	97.088	DR-4673-FL	<u>1,096,245</u>
Total Department of Homeland Security			<u>1,178,405</u>

Department of Health and Human Services

Passed-through Area Agency on Aging for Southwest Florida Inc.			
Low-Income Home Energy Assistance	93.568	2002FLLIEA	<u>20,222</u>
Total Department of Health and Human Services			<u>20,222</u>

Total Federal Grants and Contracts			\$ <u><u>4,024,018</u></u>
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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 consolidated 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, 2025.

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, 2025

	Without Donor Restrictions			
	Social Services	Education	Citizenship	Elderly Services
Support:				
Diocese of Venice	\$ 137,500	\$ 120,000	\$ 50,000	\$ -
Contributions	12,081	77,719	3,300	48
Board of County Commissioners, Lee County	-	156,847	-	44,468
United Way grants	-	37,214	-	57,710
Federal grants	1,698,661	-	-	-
Total support	1,848,242	391,780	53,300	102,226
Revenues:				
Program service fees	-	20,835	17,382	-
Total revenues	-	20,835	17,382	-
Net assets released from restrictions	42,612	10,528	-	-
Total support, revenues and reclassifications	1,890,854	423,143	70,682	102,226
Expenses:				
Salaries	829,659	275,336	79,022	74,924
Conferences, meetings and dues	13,041	7,489	5,120	174
Employee benefits	235,560	82,222	18,205	26,947
General insurance	6,394	19,673	2,035	2,084
Maintenance and equipment	45,465	27,331	3,206	1,426
Office supplies and postage	15,652	24,268	2,790	860
Other	-	53,260	-	-
Outside services	91,097	81,595	9,472	8,699
Payroll taxes	61,530	20,521	5,933	5,565
Professional fees	5,201	2,116	405	155
Rent and utilities	54,852	20,072	4,674	3,669
Specific assistance	858,018	65,586	-	675
Staff training and recruiting	53	593	-	-
Telephone	24,443	10,785	5,645	3,776
Travel	15,805	820	4,353	2,752
Total expenses	2,256,770	691,667	140,860	131,706
Decrease in net assets	\$ (365,916)	\$ (268,524)	\$ (70,178)	\$ (29,480)

Total Without Donor Restrictions	With Donor Restrictions	Total
\$ 307,500	\$ -	\$ 307,500
93,148	53,140	146,288
201,315	-	201,315
94,924	-	94,924
1,698,661	-	1,698,661
<u>2,395,548</u>	<u>53,140</u>	<u>2,448,688</u>
38,217	-	38,217
<u>38,217</u>	<u>-</u>	<u>38,217</u>
53,140	(53,140)	-
<u>2,486,905</u>	<u>-</u>	<u>2,486,905</u>
1,258,941	-	1,258,941
25,824	-	25,824
362,934	-	362,934
30,186	-	30,186
77,428	-	77,428
43,570	-	43,570
53,260	-	53,260
190,863	-	190,863
93,549	-	93,549
7,877	-	7,877
83,267	-	83,267
924,279	-	924,279
646	-	646
44,649	-	44,649
23,730	-	23,730
<u>3,221,003</u>	<u>-</u>	<u>3,221,003</u>
\$ <u><u>(734,098)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(734,098)</u></u>

Contract Compliance



Kerkering, Barberio & Co.
Certified Public Accountants

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Independent Auditor's Report

The Board of Directors
Catholic Charities, Diocese of Venice, Inc. and Related Entity
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. and Related Entity (the Organization), which comprise the consolidated statement of financial position as of June 30, 2025, 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 29, 2025.

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.

Kerkuing Barbino & Co.

Sarasota, Florida
October 29, 2025



Kerkering, Barberio & Co.
Certified Public Accountants

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

Independent Auditor's Report

The Board of Directors
Catholic Charities, Diocese of Venice, Inc. and Related Entity
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. and Related Entity (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, 2025. 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, 2025.

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.

Kerkuing Barbino & Co.

Sarasota, Florida
October 29, 2025

Catholic Charities, Diocese of Venice, Inc. and Related Entity
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I - Summary of Auditor's Results

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

Catholic Charities, Diocese of Venice, Inc. and Related Entity
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

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

Federal Programs Tested as Major Programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.088	Disaster Assistance Projects

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV – Summary Schedule of Prior Audit Findings

None