

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

Financial Statements,
Supplemental Information,
Contract Compliance and
Independent Auditor's Report
June 30, 2018 and 2017

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Catholic Charities, Diocese of Venice, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities, Diocese of Venice, Inc. as of June 30, 2018 and 2017, and the results of its operations, changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplemental and other information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The Schedule of Revenues and Expenses - Lee County Funded Programs of Catholic Charities is not a required part of the financial statements. Such information is the responsibility of the Organization's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2018 on our consideration of Catholic Charities, Diocese of Venice, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 Catholic Charities, Diocese of Venice, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Catholic Charities, Diocese of Venice, Inc.'s internal control over financial reporting and compliance.



Sarasota, Florida
October 24, 2018

Catholic Charities, Diocese of Venice, Inc.

Statements of Financial Position

June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets:		
Cash and cash equivalents - unrestricted	\$ 1,176,420	\$ 1,497,564
Cash and cash equivalents - board designated	1,017,589	1,008,746
Cash and cash equivalents - temporarily restricted	2,137,284	1,707,164
Contracts and grants receivable	397,321	407,068
Accounts receivable	68,605	75,796
Current portion of officer's loan receivable	-	4,270
Prepaid insurance and other expenses	152,227	167,076
Total current assets	<u>4,949,446</u>	<u>4,867,684</u>
Beneficial interest in gift annuities	76,255	76,473
Land, building and equipment, net	<u>7,441,288</u>	<u>4,996,431</u>
Total Assets	<u>\$ 12,466,989</u>	<u>\$ 9,940,588</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 71,573	\$ 212,542
Accrued expenses	255,605	487,672
Refundable advances	41,614	41,614
Current portion of long-term debt	96,523	92,054
Total current liabilities	<u>465,315</u>	<u>833,882</u>
Other Liabilities:		
Long-term debt, net of current portion	<u>635,427</u>	<u>731,984</u>
Total liabilities	<u>1,100,742</u>	<u>1,565,866</u>
Net Assets:		
Unrestricted		
Undesignated	1,488,750	1,472,466
Board designated	1,017,589	1,008,746
Designated for land, building and equipment	<u>6,709,338</u>	<u>4,172,393</u>
Total unrestricted	9,215,677	6,653,605
Temporarily restricted	2,137,284	1,707,164
Permanently restricted	13,286	13,953
Total net assets	<u>11,366,247</u>	<u>8,374,722</u>
Total Liabilities and Net Assets	<u>\$ 12,466,989</u>	<u>\$ 9,940,588</u>

See accompanying notes to financial statements.

Catholic Charities, Diocese of Venice, Inc.

Statement of Activities
Year Ended June 30, 2018
(With Summarized Totals for 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Support:			
Diocese of Venice	\$ 1,699,996	\$ -	\$ -
Contributions	2,700,030	626,115	-
Government grants and contracts	1,461,504	-	-
United Way grants	691,075	6,867	-
Catholic and other organizations	1,693,262	297,579	-
Other grants	595,564	301,026	-
Total support	<u>8,841,431</u>	<u>1,231,587</u>	<u>-</u>
Revenue:			
Program service fees	575,420	-	-
Interest and dividends	100,245	-	-
Change in value of gift annuities	449	-	(667)
Other income	18,326	-	-
Total revenue	<u>694,440</u>	<u>-</u>	<u>(667)</u>
Net assets released from restriction	<u>801,467</u>	<u>(801,467)</u>	<u>-</u>
Special events revenue	1,742,223	-	-
Less direct costs of special events	<u>(546,680)</u>	<u>-</u>	<u>-</u>
Net revenue from special events	<u>1,195,543</u>	<u>-</u>	<u>-</u>
Total support, revenue and reclassifications	<u>11,532,881</u>	<u>430,120</u>	<u>(667)</u>
Expenses:			
Program services	8,230,504	-	-
Management and general	372,135	-	-
Fund raising	368,470	-	-
Total expenses	<u>8,971,109</u>	<u>-</u>	<u>-</u>
Gain on disposal of assets	<u>300</u>	<u>-</u>	<u>-</u>
Change in net assets	2,562,072	430,120	(667)
Net assets at beginning of year	6,653,605	1,707,164	13,953
Net assets at end of year	<u>\$ 9,215,677</u>	<u>\$ 2,137,284</u>	<u>\$ 13,286</u>

<u>2018</u> <u>Total</u>	<u>2017</u> <u>Total</u>
\$ 1,699,996	\$ 1,678,475
3,326,145	2,584,309
1,461,504	1,424,647
697,942	279,477
1,990,841	480,566
896,590	476,001
<u>10,073,018</u>	<u>6,923,475</u>
575,420	569,725
100,245	96,072
(218)	2,102
18,326	31,167
<u>693,773</u>	<u>699,066</u>
-	-
1,742,223	1,576,726
(546,680)	(515,055)
<u>1,195,543</u>	<u>1,061,671</u>
<u>11,962,334</u>	<u>8,684,212</u>
8,230,504	7,295,159
372,135	336,294
368,470	344,044
<u>8,971,109</u>	<u>7,975,497</u>
<u>300</u>	-
2,991,525	708,715
8,374,722	7,666,007
<u>\$ 11,366,247</u>	<u>\$ 8,374,722</u>

See accompanying notes to financial statements.

Catholic Charities, Diocese of Venice, Inc.

Statement of Activities
Year Ended June 30, 2017
(With Summarized Totals for 2018)

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

<u>2017</u> <u>Total</u>	<u>2018</u> <u>Total</u>
\$ 1,678,475	\$ 1,699,996
2,584,309	3,326,145
1,424,647	1,461,504
279,477	697,942
480,566	1,990,841
476,001	896,590
<u>6,923,475</u>	<u>10,073,018</u>
569,725	575,420
96,072	100,245
2,102	(218)
31,167	18,326
<u>699,066</u>	<u>693,773</u>
-	-
1,576,726	1,742,223
(515,055)	(546,680)
<u>1,061,671</u>	<u>1,195,543</u>
<u>8,684,212</u>	<u>11,962,334</u>
7,295,159	8,230,504
336,294	372,135
344,044	368,470
<u>7,975,497</u>	<u>8,971,109</u>
-	300
708,715	2,991,525
7,666,007	8,374,722
<u>\$ 8,374,722</u>	<u>\$ 11,366,247</u>

See accompanying notes to financial statements.

Catholic Charities, Diocese of Venice, Inc.

Statement of Functional Expenses

Year Ended June 30, 2018

(With Summarized Totals for 2017)

	<u>Family Reunification</u>	<u>Prevention and Social Services</u>	<u>Counseling and Education</u>	<u>Total Program Services</u>
Salaries	\$ 964,154	\$ 1,367,753	\$ 1,323,807	\$ 3,655,714
Employee benefits	275,764	389,265	336,801	1,001,830
Specific assistance	141,536	1,342,669	141,630	1,625,835
Outside services	64,617	100,515	60,953	226,085
Rent and utilities	108,292	74,649	45,296	228,237
Payroll taxes	74,852	106,185	102,774	283,811
Maintenance and equipment	109,448	96,898	74,668	281,014
Depreciation	60,171	175,106	42,057	277,334
Communications	33,520	35,503	25,518	94,541
Office supplies and postage	16,017	39,245	29,845	85,107
Religious stipends	-	77,091	-	77,091
Travel	25,935	57,812	18,220	101,967
Promotion	3,327	14,832	3,812	21,971
Printing	11,464	17,204	16,684	45,352
Other	16,215	10,369	23,879	50,463
Conferences, meetings and dues	9,280	7,649	6,503	23,432
Professional fees	9,308	15,471	12,299	37,078
Housing	-	7,021	-	7,021
General insurance	17,277	12,816	12,740	42,833
Staff training and recruiting	1,273	829	2,803	4,905
Interest expense	-	33,205	-	33,205
Grant expense	-	25,678	-	25,678
Total functional expenses	\$ <u>1,942,450</u>	\$ <u>4,007,765</u>	\$ <u>2,280,289</u>	\$ <u>8,230,504</u>

Management and General	Fund Raising	2018 Total	2017 Total
\$ 101,877	\$ 134,271	\$ 3,891,862	\$ 3,884,600
22,726	31,155	1,055,711	985,929
-	-	1,625,835	853,203
104,559	74,654	405,298	347,785
46,322	1,421	275,980	257,865
7,814	10,527	302,152	281,629
26,258	2,812	310,084	290,479
9,961	-	287,295	231,450
4,501	12,926	111,968	92,255
6,241	8,650	99,998	104,011
-	-	77,091	110,781
16,828	7,219	126,014	109,493
23	75,263	97,257	124,357
892	3,477	49,721	47,484
-	183	50,646	38,507
23,552	4,629	51,613	46,920
-	545	37,623	42,046
-	-	7,021	7,613
-	738	43,571	40,536
581	-	5,486	9,663
-	-	33,205	37,178
-	-	25,678	31,713
<u>\$ 372,135</u>	<u>\$ 368,470</u>	<u>\$ 8,971,109</u>	<u>\$ 7,975,497</u>

See accompanying notes to financial statements.

Catholic Charities, Diocese of Venice, Inc.

Statement of Functional Expenses

Year Ended June 30, 2017

(With Summarized Totals for 2018)

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

Management and General	Fund Raising	2017 Total	2018 Total
\$ 113,823	\$ 107,251	\$ 3,884,600	\$ 3,891,862
26,665	17,015	985,929	1,055,711
-	-	853,203	1,625,835
81,481	67,094	347,785	405,298
44,679	1,299	257,865	275,980
5,527	7,861	281,629	302,152
12,042	2,298	290,479	310,084
-	-	231,450	287,295
4,945	2,848	92,255	111,968
4,875	16,084	104,011	99,998
-	-	110,781	77,091
4,731	5,437	109,493	126,014
3,883	106,821	124,357	97,257
1,221	2,149	47,484	49,721
7,794	308	38,507	50,646
20,611	2,148	46,920	51,613
3,307	545	42,046	37,623
-	-	7,613	7,021
-	711	40,536	43,571
710	4,175	9,663	5,486
-	-	37,178	33,205
-	-	31,713	25,678
<u>\$ 336,294</u>	<u>\$ 344,044</u>	<u>\$ 7,975,497</u>	<u>\$ 8,971,109</u>

See accompanying notes to financial statements.

Catholic Charities, Diocese of Venice, Inc.

Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 2,991,525	\$ 708,715
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	287,295	231,450
Gain on disposal of assets	(300)	-
Change in value of gift annuities	218	(2,102)
Change in operating assets:		
Contracts and grants receivable	9,747	(184,662)
Accounts receivable	7,191	(11,834)
Prepaid insurance and other expenses	14,849	9,399
Change in operating liabilities:		
Accounts payable	(140,969)	122,439
Accrued expenses	(232,067)	159,740
Refundable advances	-	40,557
Total adjustments	<u>(54,036)</u>	<u>364,987</u>
Net cash provided by operating activities	<u>2,937,489</u>	<u>1,073,702</u>
Cash Flows from Investing Activities:		
Purchases of land, building and equipment	(2,732,152)	(685,574)
Proceeds from sale of land, buildings and equipment	300	-
Net cash used in investing activities	<u>(2,731,852)</u>	<u>(685,574)</u>
Cash Flows from Financing Activities:		
Payments on long-term debt	(92,088)	(88,454)
Payments received from Officer's loan receivable	4,270	10,010
Net cash used in financing activities	<u>(87,818)</u>	<u>(78,444)</u>
Net change in cash and cash equivalents	117,819	309,684
Cash and cash equivalents - beginning of year	4,213,474	3,903,790
Cash and cash equivalents - end of year	<u>\$ 4,331,293</u>	<u>\$ 4,213,474</u>

Supplemental disclosure of cash flow information:

Cash paid during the year for interest totaled \$36,117 and \$37,299 in 2018 and 2017, respectively.

See accompanying notes to financial statements.

Catholic Charities, Diocese of Venice, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

I. Organization and Nature of Operations

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

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

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

2. Summary of Significant Accounting Policies

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates and assumptions.

Financial Statements

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

Functional Allocation of Expenses

The costs of providing the various programs and services have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Basis of Presentation

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

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

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

Catholic Charities, Diocese of Venice, Inc.

Notes to Financial Statements (Continued)

June 30, 2018 and 2017

2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

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

Revenue Recognition

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

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

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

Cash and Cash Equivalents

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

Restricted Cash Equivalents

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

Contracts and Grants Receivable

Contracts and grants receivable relate to amounts due to Catholic Charities from federal, state and local contracts relating to immigration, refugee and other social programs. Management 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 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 financial statements.

Catholic Charities, Diocese of Venice, Inc.

Notes to Financial Statements (Continued)

June 30, 2018 and 2017

2. Summary of Significant Accounting Policies (Continued)

Beneficial Interest in Gift Annuities

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

Land, Building and Equipment

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

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

Refundable Advances

Catholic Charities receives advances on certain government contracts based upon the estimated cost of providing specific services. Advances for services that have not yet been performed as of June 30, 2018 and 2017 are classified as liabilities in the accompanying Statements of Financial Position.

Income Tax Status

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

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

Catholic Charities files income tax returns in the U.S. federal jurisdiction. The tax periods open to examination by the major taxing jurisdictions to which Catholic Charities is subject includes fiscal years ended June 30, 2015 through June 30, 2018.

Catholic Charities, Diocese of Venice, Inc.

Notes to Financial Statements (Continued)

June 30, 2018 and 2017

2. Summary of Significant Accounting Policies (Continued)

Donated Materials, Services and Space

A substantial number of volunteers have donated a significant amount of time to Catholic Charities' program services. However, donated services have not been recorded in the financial statements as they do not meet the requirements to be recorded under accounting principles generally accepted in the United States of America. Additionally, the Diocese of Venice (Diocese) has provided office space to Catholic Charities at no charge. The fair market value of the donated space in the amount of \$39,400 and \$38,600 is recorded in the accompanying financial statements for the years ended June 30, 2018 and 2017, respectively, and is included in contributions and rent expense on the Statement of Activities. Furthermore, Catholic Charities receives free rent at various facilities. However, they are required to pay utilities, ground maintenance, and building upkeep and repairs. The fair value of this space provided is not readily determinable and has not been included in the accompanying financial statements.

Financial Instruments Not Measured at Fair Value

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

3. Land, Building and Equipment

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

	2018	2017
Land	\$ 1,579,222	\$ 1,561,222
Buildings	8,057,504	4,815,221
Equipment	527,933	428,325
Vehicles	203,018	187,960
Construction in process	499	664,046
	<u>10,368,176</u>	<u>7,656,774</u>
Less accumulated depreciation	2,926,888	2,660,343
Land, building and equipment, net	<u>\$ 7,441,288</u>	<u>\$ 4,996,431</u>

Depreciation expense for the years ended June 30, 2018 and 2017 totaled \$287,295 and \$231,450, 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 the Organization as long as the Organization 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, the Organization has segregated and 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, 2018 and 2017, government funded assets had a total net book value of \$687,101 and \$234,241, respectively.

Catholic Charities, Diocese of Venice, Inc.

Notes to Financial Statements (Continued)

June 30, 2018 and 2017

4. Long-Term Debt

Mortgage Payable

During the fiscal year 2005, Catholic Charities incurred a mortgage, which is payable to the County of Sarasota. This note bears interest at the rate of 0% per annum and will be forgiven in full on August 1, 2024. Within this twenty-year period, the note is due and payable upon the sale of the property or when the property is no longer used to house persons in accordance with the Subrecipient Agreement. The note is secured by a lien on certain real property, and may be prepaid in full at any time without penalty. As of June 30, 2018 and 2017, the balance was \$80,000 and is included in long-term debt.

Promissory Note

On February 1, 2015, Catholic Charities incurred a loan payable to the Diocese of Venice (related party - see Note 11) in the principal amount of \$1,100,000. Proceeds of the loan were used to purchase a building in Naples, Florida, replacing a leased facility. The new building is known as the Judy Sullivan Family Resource Center and houses a food pantry, homelessness prevention initiative and education programs. Interest accrues at a variable rate based upon the current rate established by the Trustees of the Diocese of Venice Savings and Loan Trust Fund, adjusted from time to time, with a current rate of 4.75%. Principal and interest payments are payable in monthly installments of \$10,440, with the loan due and payable in full on June 1, 2024. The loan agreement stipulates that the loan may be prepaid in whole or part at anytime without penalty. As of June 30, 2018 and 2017, the balance was \$651,950 and \$744,038, respectively.

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

2019		\$	96,523
2020			101,144
2021			106,119
2022			111,271
2023			116,673
Thereafter			120,220
Total		\$	<u>651,950</u>

5. Board Designated Net Assets

As of June 30, 2018 and 2017, Catholic Charities had Board designated net assets of the following for future program services:

	<u>2018</u>		<u>2017</u>
Boca Grande Child Care Center	\$ 182,851	\$	122,475
District 3 - Naples	-		315,879
District 3 - Guadalupe Social Services - Immokalee	274,457		73,114
Capital Facility Needs	128,721		85,720
Disaster Loss	400,000		400,000
Veteran's House	31,560		11,558
Total board designated net assets	\$ <u>1,017,589</u>	\$	<u>1,008,746</u>

Catholic Charities, Diocese of Venice, Inc.

Notes to Financial Statements (Continued)

June 30, 2018 and 2017

6. Temporarily Restricted Net Assets

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

	2018		2017
Bethesda House	\$ 1,247	\$	1,247
Boca Grande Child Care Center	353,437		360,706
Catholic Hispanic Social Services	92,324		118,537
Clare House	4,191		4,191
Counseling	18,721		32,360
Direct assistance	424,288		360,314
Guadalupe Social Services	48,205		47,439
Other	1,095,077		495,097
Our Mother's House	41,400		226,948
Rural services programs	58,394		60,325
Total temporarily restricted net assets	<u>\$ 2,137,284</u>	\$	<u>1,707,164</u>

Funds related to Hurricane Irma Disaster Relief included in the other category as of June 30, 2018 and 2017 were \$737,795 and \$0, respectively.

7. Permanently Restricted Net Assets

As of June 30, 2018 and 2017, Catholic Charities had gift annuities which are permanently restricted net assets in the amount of \$13,286 and \$13,953, respectively.

8. Net Assets Released from Restrictions

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

	2018		2017
Bethesda House	\$ -	\$	293
Boca Grande Child Care Center	7,269		15,850
Catholic Hispanic Social Services	26,213		76,672
Clare House	-		2,175
Counseling	32,360		37,393
Direct assistance	133,576		106,159
Guadalupe Social Services	11,990		-
Other	386,871		304,739
Our Mother's House	193,473		248,174
Rural services programs	9,715		47,523
Total net assets released from restrictions	<u>\$ 801,467</u>	\$	<u>838,978</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 Plan covers eligible employees from the Diocese of Venice, as well as certain parishes and schools.

The Pension Plan is a noncontributory defined benefit pension plan established July 1, 2012 by a spin-off from the Seventh Amended and Restated Pension Plan for Employees within the Archdiocese of Miami/Diocese of Venice (Prior Plan). The Pension Plan is a qualified plan and is exempt from income taxes under the provisions of the Internal Revenue Code (IRC).

Catholic Charities, Diocese of Venice, Inc.

Notes to Financial Statements (Continued)

June 30, 2018 and 2017

9. Employee Retirement Plans (Continued)

The Pension Plan is a “Church Plan” as defined in Section 414(e) of the IRC and is exempt from Title I of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The Pension Plan was most recently amended effective July 1, 2014.

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

The following table discloses quantitative information of the Pension Plan as of and for the year ended February 1, 2018, which is the date of the latest actuarial valuation.

<u>Legal Name and Plan Number</u>	<u>Plan EIN</u>	<u>Actuarial present value of accumulated plan benefits</u>	<u>Fair value of plan assets</u>	<u>Total contributions</u>	<u>Long Term Funded Status</u>
Diocese of Venice Pension Plan & Trust, Number 001	45-6947361	\$ 121,432,980	\$ 113,936,894	\$ 4,882,168	94%

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

Contributions to the plans by Catholic Charities for the years ended June 30, 2018 and 2017 totaled \$338,745 and \$326,940, respectively.

10. Lease Commitments

Equipment Leases

Catholic Charities has entered into operating lease agreements for office space and equipment expiring through fiscal year 2023 with lease terms from two to five years. Catholic Charities also leases various storage areas and containers on a month-to-month basis. The future minimum payments under operating leases of equipment are as follows as of June 30:

2019	\$ 13,395
2020	11,731
2021	11,202
2022	7,230
2023	468
Total operating lease commitment for equipment	\$ <u>44,026</u>

Total expenses for operating equipment leases amounted to \$13,135 and \$14,113 for the years ended June 30, 2018 and 2017, respectively.

Catholic Charities, Diocese of Venice, Inc.

Notes to Financial Statements (Continued)

June 30, 2018 and 2017

10. Lease Commitments (Continued)

Office Leases

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

2019	\$	57,550
2020		24,825
Total office lease commitments	\$	<u>82,375</u>

Office rent expense for the years ended June 30, 2018 and 2017 was \$72,296 and \$59,382, respectively.

11. Related Party Transactions

Contributions, Pension and Insurance

The Diocese contributes significant funds to the Organization each year. For the years ended June 30, 2018 and 2017, \$1,669,996 and \$1,678,475 respectively, or approximately 16% and 19% of total support and revenue, respectively, was provided by the Diocese. Catholic Charities also participates in a pension and defined contribution plan of the Diocese and purchases employee life and health insurance and liability and property insurance from the Diocese.

For the years ended June 30, 2018 and 2017, Catholic Charities paid the following amounts to the Diocese:

	<u>2018</u>	<u>2017</u>
Pension contributions	\$ 338,745	\$ 326,939
Group health, dental and life insurance	608,980	709,357
Property, auto, liability, worker's compensation and unemployment insurance	156,779	157,293
Total payments to the Diocese	\$ <u>1,104,504</u>	\$ <u>1,193,589</u>

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

During the years ended June 30, 2018 and 2017, Catholic Charities received contributions from Catholic Charities Foundation totaling \$190,000 and \$0, respectively. These amounts are included under Contributions in the accompanying Statement of Activities.

Promissory Notes

On February 1, 2015, Catholic Charities incurred a loan payable to the Diocese of Venice in the principal amount of \$1,100,000. Proceeds of the loan were used to purchase a building in Naples, Florida, that is known as the Judy Sullivan Family Resource Center. As of June 30, 2018 and 2017, the balance was \$651,950 and \$744,038, respectively. See Note 4 to the financial statements.

Catholic Charities, Diocese of Venice, Inc.

Notes to Financial Statements (Continued)

June 30, 2018 and 2017

11. Related Party Transactions (Continued)

Cash Deposits

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

Sub Grants and Guarantees with Housing Entities

The Organization received a grant which a portion of the grant was passed through Catholic Charities Housing, Diocese of Venice, Inc. totaling \$80,778 for each of the years ended June 30, 2018 and 2017, respectively.

In October 2014, Diocese of Venice modified a loan agreement with Casa San Juan Bosco, Inc., a related housing entity, to include certain land and buildings of Catholic Charities as additional collateral. The loan is collateralized by land owned by Casa San Juan Bosco with an estimated value of approximately \$650,000. The outstanding balance of the loan totaled \$195,687 as of June 30, 2018. Catholic Charities potential liability is limited to the land and building of the District I office which is recorded at cost of \$659,129.

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

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

Management Fees

Beginning in the year ending June 30, 2010, and ending January 31, 2018, Catholic Charities assessed a management fee to Catholic Charities Housing Entities. The monthly fee was \$2,375 and assessed in order to reimburse Catholic Charities for the time that their employees spent working on the various housing entities, which include Catholic Charities Housing, Diocese of Venice, Inc., Catholic Charities Housing Sarasota, Inc., Marian Manor, Inc., and Casa San Juan Bosco, Inc. Total management fees charged during the years ended June 30, 2018 and 2017 totaled \$16,625 and \$28,500, respectively, and is included in other income in the accompanying financial statements.

Officer's Note Receivable

During 2015, Catholic Charities sold vehicles to two of the organization's key officers. The officers signed promissory notes for the payment of the vehicles. The notes had an interest rate of 0.05% per year. The total principal and interest payments of \$805 were due monthly for a period of 3 years beginning January 2015 through December 2017. The notes were paid in full as of June 30, 2018. As of June 30, 2017, the balance due from the notes totaled \$4,270.

12. Lee County Operations

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

Catholic Charities, Diocese of Venice, Inc.

Notes to Financial Statements (Continued)

June 30, 2018 and 2017

12. Lee County Operations (Continued)

The Lee County assets are considered a component of the unrestricted and temporarily restricted net assets as of June 30, 2018 and 2017. Services are provided primarily to the Hispanic and Haitian populations within Lee County.

	<u>2018</u>		<u>2017</u>
Cash-restricted	\$ 253,868	\$	280,152
Contracts receivable	38,173		19,894
Land, building and equipment, net of accumulated depreciation of \$307,109 and \$304,845, respectively	284,117		50,710
Total Lee County assets	<u>\$ 576,158</u>	<u>\$</u>	<u>350,756</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, 2018 and 2017.

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, 2018 and 2017 amounted to \$3,947,253 and \$3,707,403, respectively. Catholic Charities has not experienced any such losses in such accounts and does not believe it is exposed to any significant credit risk on cash held with the Diocese or with financial institutions.

15. Subsequent Events

Catholic Charities has evaluated all events subsequent to the Statement of Financial Position date of June 30, 2018 through the date these financial statements were available to be issued, October 24, 2018, and have determined that there were no subsequent events that require disclosure.

Supplemental Information

Catholic Charities, Diocese of Venice, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identification or Contract Number	Contract or Award Amount	Total Reimbursable Expenditures
FEDERAL GRANTS AND CONTRACTS				
<u>Department of Homeland Security</u>				
Passed-through United States Catholic Conference Cuban/Haitian Entrant Program	97.009	DHS-2014CI009-000001-03	\$ 30,000	\$ 7,543
Emergency Food and Shelter National Board Program	97.024	Various	Various	16,907
Total Department of Homeland Security			<u>30,000</u>	<u>24,450</u>
<u>U.S. Department of Justice</u>				
Services for Trafficking Victims	16.320	2016-VT-BX-K051	749,998	218,352
Juvenile Mentoring Program	16.726	2015-JU-FX-0013	69,999	32,565
Total U.S. Department of Justice			<u>819,997</u>	<u>250,917</u>
<u>U.S. Department of State</u>				
Passed-through United States Catholic Conference U.S. Refugee Admissions Program	19.510	SPRMC018CA0009	Direct Assistance	51,086
Total U.S. Department of State			-	<u>51,086</u>
<u>U.S. Department of Housing and Urban Development</u>				
Passed-through Catholic Charities U.S.A. Housing Counseling Assistance Program	14.169	HC170011012	21,800	21,800
Passed-through Collier County Government Community Development Block Grants/Entitlement Grants	14.218	B-16-UC-12-0016	450,000	215,759
Passed-through Lee County Government Community Development Block Grants/Entitlement Grants	14.218	7951	459,810	235,671
Total Community Development Block Grants/ Entitlement Grants	14.218		<u>909,810</u>	<u>451,430</u>
Passed-through Suncoast Partnership to End Homelessness Emergency Solutions Grant Program	14.231	QP17A	16,000	18,018
Continuum of Care Program	14.267	FL0002L4H001609	80,778	80,778
Total U.S. Department of Housing and Urban Development			<u>1,028,388</u>	<u>572,026</u>
<u>U.S. Department of Health and Human Services</u>				
Passed-through United States Catholic Conference Refugee and Entrant Assistance: Voluntary Agency Program	93.567	1801DCRVMG	\$2,225 PER CLIENT	93,470
Passed-through Sarasota County Government Community Services Block Grant	93.569	17SB-OD-09-68-01-124	60,000	34,699
Total U.S. Department of Health and Human Services			<u>60,000</u>	<u>128,169</u>
<u>U.S. Department of Agriculture</u>				
Passed-through State of Florida Department of Health Child and Adult Care Food Program	10.558	1565	Cost Reimbursement	10,449
Passed-through State of Florida Department of Children and Families State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	LF913	78,734	79,778
Total U.S. Department of Agriculture			<u>78,734</u>	<u>90,227</u>
Total Federal Grants and Contracts			\$ 2,017,119	\$ 1,116,875

Catholic Charities, Diocese of Venice, Inc.
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identification or Contract Number	Contract or Award Amount	Total Reimbursable Expenditures
LOCAL GRANTS				
Sarasota County Core / Family Alliance	N/A	CAC2018-0078 / PO 181435	131,350	131,350
Manatee County - Families United	N/A	Project 001-0950044	22,871	11,849
Manatee County - Assistance	N/A	Project 001-0950044	7,600	8,190
Manatee County - Housing Counseling	N/A	9/1/17 thru 8/31/18	24,000	21,000
Lee County	N/A	7866	165,951	172,240
Total Local Grants			<u>351,772</u>	<u>344,629</u>
Total Grants and Contracts			<u>\$ 2,368,891</u>	<u>\$ 1,461,504</u>

Notes to the Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

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

Note 2 - Indirect Cost Election

The Organization has elected 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, 2018.

Catholic Charities, Diocese of Venice, Inc.

Schedule of Revenues and Expenses - Lee County Funded Programs of Catholic Charities Year Ended June 30, 2018

	<u>Unrestricted</u>			
	<u>Social Services</u>	<u>Education</u>	<u>Citizenship</u>	<u>Counseling</u>
Support:				
Diocese of Venice	\$ 88,820	\$ 301,647	\$ 49,327	\$ 28,187
Contributions	5,600	84,443	-	10,000
Board of County Commissioners, Lee County	-	129,950	-	-
United Way grants	14,076	93,714	-	-
Federal grants	4,537	32,565	-	-
Total support	<u>113,033</u>	<u>642,319</u>	<u>49,327</u>	<u>38,187</u>
Revenues:				
Program service fees	-	18,402	50,280	5,705
Total revenues	<u>-</u>	<u>18,402</u>	<u>50,280</u>	<u>5,705</u>
Net assets released from restrictions	<u>2,282</u>	<u>32,752</u>	<u>755</u>	<u>-</u>
Special events revenue	<u>-</u>	<u>58,037</u>	<u>-</u>	<u>-</u>
Total support, revenues and reclassifications	<u>115,315</u>	<u>751,510</u>	<u>100,362</u>	<u>43,892</u>
Expenses:				
Salaries	102,170	465,528	97,900	27,848
Conferences, meetings and dues	63	375	746	97
Depreciation	4,780	-	3,911	-
Employee benefits	30,730	108,886	28,944	6,162
General insurance	299	6,978	1,523	-
Maintenance and equipment	2,243	21,107	7,201	1,031
Office supplies and postage	2,554	20,023	3,617	757
Other	24	22,411	20	453
Outside services	2,630	22,064	6,829	3,421
Payroll taxes	7,816	35,613	7,489	2,130
Professional fees	1,019	4,062	764	287
Rent and utilities	598	21,934	1,941	48
Direct assistance	2,970	3,014	-	54
Fundraising	-	1,102	-	-
Staff training and recruiting	8	1,789	6	-
Telephone	2,297	9,918	2,698	613
Travel	2,600	14,702	1,172	667
Total expenses	<u>162,801</u>	<u>759,506</u>	<u>164,761</u>	<u>43,568</u>
Increase (decrease) in net assets	<u>\$ (47,486)</u>	<u>\$ (7,996)</u>	<u>\$ (64,399)</u>	<u>\$ 324</u>

<u>Elderly Services</u>	<u>Unrestricted Total</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 59,832	\$ 527,813	\$ -	\$ 527,813
17,199	117,242	37,693	154,935
42,290	172,240	-	172,240
57,710	165,500	-	165,500
-	37,102	-	37,102
<u>177,031</u>	<u>1,019,897</u>	<u>37,693</u>	<u>1,057,590</u>
-	74,387	-	74,387
-	<u>74,387</u>	-	<u>74,387</u>
1,904	37,693	(37,693)	-
-	58,037	-	58,037
<u>178,935</u>	<u>1,190,014</u>	<u>-</u>	<u>1,190,014</u>
135,410	828,856	-	828,856
82	1,363	-	1,363
-	8,691	-	8,691
33,418	208,140	-	208,140
1,004	9,804	-	9,804
4,169	35,751	-	35,751
2,605	29,556	-	29,556
290	23,198	-	23,198
3,011	37,955	-	37,955
10,359	63,407	-	63,407
1,066	7,198	-	7,198
1,686	26,207	-	26,207
2,171	8,209	-	8,209
-	1,102	-	1,102
123	1,926	-	1,926
3,753	19,279	-	19,279
9,190	28,331	-	28,331
<u>208,337</u>	<u>1,338,973</u>	<u>-</u>	<u>1,338,973</u>
\$ <u>(29,402)</u>	\$ <u>(148,959)</u>	\$ <u>-</u>	\$ <u>(148,959)</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 financial statements of Catholic Charities, Diocese of Venice, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2018, and related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 24, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Kerbering Barkhuis & Co." The signature is written in a cursive, flowing style.

Sarasota, Florida
October 24, 2018

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited Catholic Charities, Diocese of Venice, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2018. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Sarasota, Florida
October 24, 2018

Catholic Charities, Diocese of Venice, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: 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 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 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.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

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

Federal Programs Tested as Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants / Entitlement Grants

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