

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

Consolidated Financial Statements,
Supplemental Information,
Contract Compliance and
Independent Auditor's Report
June 30, 2022 and 2021

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Catholic Charities, Diocese of Venice, Inc. and Related Entity (Catholic Charities), which comprise the consolidated statement of financial position as of June 30, 2022 and 2021, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Catholic Charities, Diocese of Venice, Inc. and Related Entity as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Catholic Charities and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Catholic Charities' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Catholic Charities' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Catholic Charities' ability to continue as a going concern for a reasonable period of time.

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

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2022 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.

Keruing Barbario & Co.

Sarasota, Florida
October 25, 2022

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

Consolidated Statements of Financial Position

June 30, 2022 and 2021

	2022	2021
Assets		
Current Assets:		
Cash and cash equivalents - without donor restrictions	\$ 1,770,160	\$ 2,631,884
Cash and cash equivalents - board designated	3,036,344	3,028,329
Cash and cash equivalents - purpose and time restricted	3,426,932	2,054,542
Cash and cash equivalents - perpetual in nature restricted	1,672	1,672
Total cash and cash equivalents	8,235,108	7,716,427
Contracts and grants receivable	340,354	231,591
Accounts receivable	73,825	61,220
Prepaid insurance and other expenses	221,721	242,992
Total current assets	8,871,008	8,252,230
Beneficial interest in gift annuities	36,470	40,411
Land, building and equipment, net	7,649,531	7,860,204
Total Assets	\$ 16,557,009	\$ 16,152,845
 Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 85,174	\$ 148,186
Accrued expenses	118,516	343,312
Refundable advances	19,050	87,682
Current portion of long-term debt	-	111,271
Total current liabilities	222,740	690,451
Other Liabilities:		
Long-term debt, net of current portion	80,000	317,081
Total liabilities	302,740	1,007,532
Net Assets:		
Without donor restrictions:		
Undesignated	2,219,790	2,628,918
Board designated	3,036,344	3,028,329
Designated for land, building and equipment	7,569,531	7,431,852
Total net assets without donor restrictions	12,825,665	13,089,099
With donor restrictions:		
Purpose and time restrictions	3,426,932	2,054,542
Perpetual in nature	1,672	1,672
Total net assets with donor restrictions	3,428,604	2,056,214
Total net assets	16,254,269	15,145,313
Total Liabilities and Net Assets	\$ 16,557,009	\$ 16,152,845

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Activities

Year Ended June 30, 2022

(With Summarized Totals for 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>	<u>2021 Total</u>
Support:				
Diocese of Venice	\$ 1,440,000	\$ -	\$ 1,440,000	\$ 1,440,500
Contributions	1,950,500	1,551,368	3,501,868	4,338,570
In-kind contributions	20,000	-	20,000	18,802
Government grants and contracts	1,731,291	44,943	1,776,234	1,450,863
United Way grants	419,821	19,374	439,195	305,995
Catholic and other organizations	1,102,660	101,920	1,204,580	1,497,690
Other grants	908,379	293,826	1,202,205	1,392,139
Total support	<u>7,572,651</u>	<u>2,011,431</u>	<u>9,584,082</u>	<u>10,444,559</u>
Revenue:				
Program service fees	478,146	-	478,146	418,732
Interest and dividends	84,898	-	84,898	159,090
Change in value of gift annuities	(3,941)	-	(3,941)	(1,736)
PPP Loan forgiveness	-	-	-	1,033,565
Total revenue	<u>559,103</u>	<u>-</u>	<u>559,103</u>	<u>1,609,651</u>
Net assets released from restriction	<u>639,041</u>	<u>(639,041)</u>	<u>-</u>	<u>-</u>
Special events revenue	1,970,257	-	1,970,257	1,365,319
Less direct costs of special events	(408,543)	-	(408,543)	(104,074)
Net revenue from special events	<u>1,561,714</u>	<u>-</u>	<u>1,561,714</u>	<u>1,261,245</u>
Total support, revenue and reclassifications	<u>10,332,509</u>	<u>1,372,390</u>	<u>11,704,899</u>	<u>13,315,455</u>
Expenses:				
Program services	9,069,183	-	9,069,183	8,178,193
Management and general	1,297,859	-	1,297,859	674,653
Fund raising	228,901	-	228,901	302,333
Total expenses	<u>10,595,943</u>	<u>-</u>	<u>10,595,943</u>	<u>9,155,179</u>
Change in net assets	(263,434)	1,372,390	1,108,956	4,160,276
Net assets at beginning of year	13,089,099	2,056,214	15,145,313	10,985,037
Net assets at end of year	<u>\$ 12,825,665</u>	<u>\$ 3,428,604</u>	<u>\$ 16,254,269</u>	<u>\$ 15,145,313</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, 2021

(With Summarized Totals for 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2022 Total</u>
Support:				
Diocese of Venice	\$ 1,440,500	\$ -	\$ 1,440,500	\$ 1,440,000
Contributions	3,874,062	464,508	4,338,570	3,501,868
In-kind contributions	18,802		18,802	20,000
Government grants and contracts	1,450,863	-	1,450,863	1,776,234
United Way grants	270,821	35,174	305,995	439,195
Catholic and other organizations	1,174,250	323,440	1,497,690	1,204,580
Other grants	1,047,111	345,028	1,392,139	1,202,205
Total support	<u>9,276,409</u>	<u>1,168,150</u>	<u>10,444,559</u>	<u>9,584,082</u>
Revenue:				
Program service fees	418,732	-	418,732	478,146
Interest and dividends	159,090	-	159,090	84,898
Change in value of gift annuities	(1,736)	-	(1,736)	(3,941)
PPP Loan forgiveness	1,033,565	-	1,033,565	-
Total revenue	<u>1,609,651</u>	<u>-</u>	<u>1,609,651</u>	<u>559,103</u>
Net assets released from restrictions	<u>836,352</u>	<u>(836,352)</u>	<u>-</u>	<u>-</u>
Special events revenue	1,365,319	-	1,365,319	1,970,257
Less direct costs of special events	(104,074)	-	(104,074)	(408,543)
Net revenue from special events	<u>1,261,245</u>	<u>-</u>	<u>1,261,245</u>	<u>1,561,714</u>
Total support, revenue and reclassifications	<u>12,983,657</u>	<u>331,798</u>	<u>13,315,455</u>	<u>11,704,899</u>
Expenses:				
Program services	8,178,193	-	8,178,193	9,069,183
Management and general	674,653	-	674,653	1,297,859
Fund raising	302,333	-	302,333	228,901
Total expenses	<u>9,155,179</u>	<u>-</u>	<u>9,155,179</u>	<u>10,595,943</u>
Change in net assets	3,828,478	331,798	4,160,276	1,108,956
Net assets at beginning of year	9,260,621	1,724,416	10,985,037	15,145,313
Net assets at end of year	<u>\$ 13,089,099</u>	<u>\$ 2,056,214</u>	<u>\$ 15,145,313</u>	<u>\$ 16,254,269</u>

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Functional Expenses

Year Ended June 30, 2022

(With Summarized Totals for 2021)

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

Management and General	Fund Raising	2022 Total	2021 Total
\$ 508,968	\$ 54,153	\$ 3,892,462	\$ 3,455,149
174,793	18,860	1,285,130	1,245,997
-	-	2,085,501	1,582,254
286,935	89,993	1,127,392	645,509
44,137	1,991	309,553	268,030
23,710	3,715	284,152	252,361
35,940	1,126	277,969	498,811
15,065	-	502,150	458,792
25,042	3,099	135,951	86,034
19,007	5,704	106,097	82,764
5,124	-	76,172	75,057
31,704	1,744	110,092	102,369
-	26,289	39,922	111,001
10,047	16,832	53,763	40,916
14,367	-	36,498	46,311
98,042	1,175	129,222	69,364
3,153	1,651	40,120	33,300
-	-	3,583	7,166
-	2,569	89,537	70,955
1,825	-	5,739	3,424
-	-	4,938	19,422
-	-	-	193
<u>\$ 1,297,859</u>	<u>\$ 228,901</u>	<u>\$ 10,595,943</u>	<u>\$ 9,155,179</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, 2021

(With Summarized Totals for 2022)

	<u>Family Reunification</u>	<u>Prevention and Social Services</u>	<u>Counseling and Education</u>	<u>Total Program Services</u>
Salaries	\$ 831,981	\$ 1,475,849	\$ 992,706	\$ 3,300,536
Employee benefits	267,734	543,216	374,835	1,185,785
Specific assistance	137,260	1,380,360	64,634	1,582,254
Outside services	77,943	79,274	191,234	348,451
Rent and utilities	103,001	95,236	27,029	225,266
Payroll taxes	61,706	107,802	72,002	241,510
Maintenance and equipment	118,989	132,398	86,420	337,807
Depreciation	106,806	218,064	120,158	445,028
Communications	27,897	27,902	19,657	75,456
Office supplies and postage	10,946	23,733	28,781	63,460
Religious stipends	-	75,057	-	75,057
Travel	15,125	60,766	4,136	80,027
Promotion	4,376	5,553	5,551	15,480
Printing	8,107	13,580	9,448	31,135
Other	1,892	5,068	16,389	23,349
Conferences, meetings and dues	4,319	5,787	10,782	20,888
Professional fees	7,965	13,983	8,331	30,279
Housing	-	7,166	-	7,166
General insurance	29,322	25,461	13,933	68,716
Staff training and recruiting	325	381	415	1,121
Interest expense	-	19,422	-	19,422
Grant expense	-	-	-	-
Total functional expenses	<u>\$ 1,815,694</u>	<u>\$ 4,316,058</u>	<u>\$ 2,046,441</u>	<u>\$ 8,178,193</u>

Management and General	Fund Raising	2021 Total	2022 Total
\$ 88,191	\$ 66,422	\$ 3,455,149	\$ 3,892,462
39,208	21,004	1,245,997	1,285,130
-	-	1,582,254	2,085,501
206,893	90,165	645,509	1,127,392
40,991	1,773	268,030	309,553
6,402	4,449	252,361	284,152
154,171	6,833	498,811	277,969
13,764	-	458,792	502,150
7,519	3,059	86,034	135,951
16,549	2,755	82,764	106,097
-	-	75,057	76,172
21,638	704	102,369	110,092
-	95,521	111,001	39,922
8,546	1,235	40,916	53,763
22,065	897	46,311	36,498
44,369	4,107	69,364	129,222
1,851	1,170	33,300	40,120
-	-	7,166	3,583
-	2,239	70,955	89,537
2,303	-	3,424	5,739
-	-	19,422	4,938
193	-	193	-
<u>\$ 674,653</u>	<u>\$ 302,333</u>	<u>\$ 9,155,179</u>	<u>\$ 10,595,943</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ <u>1,108,956</u>	\$ <u>4,160,276</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	502,150	458,792
PPP Loan forgiveness	-	(1,033,565)
Change in value of gift annuities	3,941	1,736
Change in operating assets:		
Contracts and grants receivable	(108,763)	(103,475)
Accounts receivable	(12,605)	19,911
Prepaid insurance and other expenses	21,271	(62,105)
Change in operating liabilities:		
Accounts payable	(63,012)	21,406
Accrued expenses	(224,796)	61,562
Refundable advances	(68,632)	(105,842)
Total adjustments	<u>49,554</u>	<u>(741,580)</u>
Net cash provided by operating activities	<u>1,158,510</u>	<u>3,418,696</u>
Cash Flows from Investing Activities:		
Purchases of land, building and equipment	<u>(291,477)</u>	<u>(1,354,271)</u>
Net cash used in investing activities	<u>(291,477)</u>	<u>(1,354,271)</u>
Cash Flows from Financing Activities:		
Payments on long-term debt	<u>(348,352)</u>	<u>(106,578)</u>
Net cash used in financing activities	<u>(348,352)</u>	<u>(106,578)</u>
Net change in cash and cash equivalents	518,681	1,957,847
Cash and cash equivalents - beginning of year	<u>7,716,427</u>	<u>5,758,580</u>
Cash and cash equivalents - end of year	<u>\$ <u>8,235,108</u></u>	<u>\$ <u>7,716,427</u></u>

Supplemental disclosure of cash flow information:

Cash paid during the year for interest totaled \$4,938 and \$19,422 in 2022 and 2021, respectively.

See accompanying notes to consolidated financial statements.

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

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

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 numerous 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 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

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, 2022 and 2021

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, 2022 and 2021

2. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

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

Restricted Cash and Cash Equivalents

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

Contracts and Grants Receivable

Contracts and grants receivable relate to amounts due to Catholic Charities from federal, state, and local contracts relating to immigration, refugee and other social programs. Management determines the appropriateness of an allowance for bad debts based upon its review of existing receivables and historical collections by individual agencies. Management considers all contracts and grants due to be fully collectible. Therefore, no allowance for uncollectible contracts and grants has been recorded in the accompanying consolidated financial statements.

Accounts Receivable

Accounts receivable consists primarily of program fees. Management evaluates the receivables monthly. Management determines the appropriateness of an allowance for bad debts based upon its review of existing receivables and historical collections by individual payer.

Management considers all accounts receivable due to be fully collectible. Therefore, no allowance for uncollectible accounts has been recorded in the accompanying consolidated financial statements.

Beneficial Interest in Gift 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 Consolidated Statements of Activities. As of June 30, 2022 and 2021, the fair value of two of the gift annuities was determined to be less than the estimated future payments to the beneficiaries. Adjustments of \$3,941 and \$1,736 were recorded to decrease the beneficial interest in gift annuities in the Consolidated Statement of Financial Position for the years ended June 30, 2022 and 2021, respectively. The decreases are also reflected in the change in value of gift annuities in the Consolidated Statements of Activities.

Charitable gift annuities are classified as with or without donor restrictions based upon the individual gift agreements.

Land, Building and Equipment

Land, building and equipment are stated at historical cost at the date of acquisition or fair value at the date of donation, in the case of gifts. Land, building and equipment are recorded as net assets without donor restrictions or net assets with donor restrictions, in the case of donations with time stipulations.

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2022 and 2021

2. Summary of Significant Accounting Policies (Continued)

Land, Building and Equipment (Continued)

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

Refundable Advances

Catholic Charities receives advances on certain government contracts based upon the estimated cost of providing specific services. Advances for services that were not performed and special events that have not taken place as of June 30, 2022 and 2021 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, 2019 through June 30, 2022.

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 this space 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 provide office space to coordinate its charitable activities. The fair market value of the donated space in the amount of \$20,000 and \$18,802 is recorded in the accompanying consolidated financial statements for each of the years ended June 30, 2022 and 2021, respectively, and is included as in-kind contributions and rent expense on the Consolidated Statement of Activities. The in-kind donation is valued based on comparable office space leasing rates in the Venice, FL real estate market.

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2022 and 2021

2. Summary of Significant Accounting Policies (Continued)

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, accounts payable, accrued expenses, and refundable advances.

Recent Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which was adopted by the Organization for the year ended June 30, 2022. The ASU requires a not-for-profit entity to present contributed nonfinancial assets in the Consolidated Statement of Activities as a line item that is separate from contributions of cash or other financial assets and requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. The adoption of this update did not have a material impact on the consolidated financial statements of Catholic Charities.

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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 8,235,108	\$ 7,716,427
Contracts and grants receivable	340,354	231,591
Accounts receivable	<u>73,825</u>	<u>61,220</u>
Total financial assets available	<u>8,649,287</u>	<u>8,009,238</u>
Less: Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose and time restrictions	(3,426,932)	(2,054,542)
Restrictions perpetual in nature	<u>(1,672)</u>	<u>(1,672)</u>
Total amounts unavailable for general expenditures within one year	<u>(3,428,604)</u>	<u>(2,056,214)</u>
Less: Amounts unavailable to management without Board approval:		
Board-designated for specific programs	(507,623)	(499,608)
Board-designated for direct assistance	(500,000)	(500,000)
Board-designated for disaster loss	(300,000)	(300,000)
Board-designated for capital facility needs	<u>(1,728,721)</u>	<u>(1,728,721)</u>
Total amounts unavailable to management without Board approval:	<u>(3,036,344)</u>	<u>(3,028,329)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 2,184,339</u>	<u>\$ 2,924,695</u>

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.

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2022 and 2021

3. Liquidity and Availability (Continued)

The Board-designated net assets totaling \$3,036,344 and \$3,028,329 at June 30, 2022 and 2021, 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:

	<u>2022</u>	<u>2021</u>
Land	\$ 2,708,623	\$ 2,675,632
Land improvements	16,800	-
Buildings	8,392,066	8,295,793
Equipment	403,430	397,935
Vehicles	250,450	267,963
Leasehold improvements	227,133	94,502
Construction in progress	8,295	-
	<u>12,006,797</u>	<u>11,731,825</u>
Less accumulated depreciation	4,357,266	3,871,621
Land, building and equipment, net	<u>\$ 7,649,531</u>	<u>\$ 7,860,204</u>

Depreciation expense for the years ended June 30, 2022 and 2021 totaled \$502,150 and \$458,792, respectively.

Land and buildings have been purchased or renovated with funds received from governmental agencies. Title to these assets acquired with government agency funds vests with Catholic Charities as long as Catholic Charities has a contract with the agencies or the assets are used to meet objectives established in the contract until five years after expiration, or a longer period as determined to be appropriate. In accordance with contract provisions, Catholic Charities has separately identified these assets. Upon contract termination or if the objectives are not met, the assets revert to the respective agencies in accordance with their proportional interests. As of June 30, 2022 and 2021, government funded assets had a total net book value of \$561,066 and \$598,420, respectively.

5. Long-Term Debt

Mortgage Payable

During the fiscal year 2005, Catholic Charities incurred a mortgage, which is payable to the County of Sarasota. This note bears interest at the rate of 0% per annum and will be forgiven in full on August 1, 2024. Within this twenty-year period, the note is due and payable upon the sale of the property or when the property is no longer used to house persons in accordance with the Subrecipient Agreement. The note is secured by a lien on certain real property and may be prepaid in full at any time without penalty. As of June 30, 2022 and 2021, 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 building is known as the Judy Sullivan Family Resource Center and houses a food pantry, homelessness prevention initiative, and education programs. This loan balance was paid off in full, early, and with no penalty, to the Diocese in November 2021. As of June 30, 2022 and 2021, the loan balance was \$0 and \$348,352, respectively.

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2022 and 2021

5. Long-Term Debt (Continued)

Payroll Protection Program Forgivable Loan

In fiscal year 2020, Catholic Charities received and recorded a PPP loan in the amount of \$1,031,845 in accordance with ASC 470, *Debt*. On February 24, 2021, the SBA forgave and remitted the full amount of the principal balance and accrued interest to the lender of record. The PPP Loan was included in notes payable on the Consolidated Statements of Financial Position. Catholic Charities reduced the liability and recorded revenue on the Consolidated Statements of Activities to recognize full forgiveness of the PPP Loan and accrued interest in the amount of \$1,033,565 during the year ended June 30, 2021.

Future Maturities of Long-Term Debt

Future maturities of notes payable at June 30, 2022, are as follows:

Year ending June 30:	
2025	\$ 80,000
Total	<u>\$ 80,000</u>

6. Board Designated Net Assets

As of June 30, 2022 and 2021, Catholic Charities had Board designated net assets of the following for future program services:

	<u>2022</u>	<u>2021</u>
Boca Grande Child Care Center	\$ 507,623	\$ 499,608
Direct Assistance	500,000	500,000
Capital Facility Needs	1,728,721	1,728,721
Disaster Loss	300,000	300,000
Total board designated net assets	<u>\$ 3,036,344</u>	<u>\$ 3,028,329</u>

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:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Boca Grande Child Care Center	\$ 625,518	\$ 426,467
Disaster Response	118,972	159,040
Clare House	4,291	4,291
Counseling	78,830	82,660
Direct Assistance	442,768	360,664
Guadalupe Social Services	1,437,751	211,681
Other	476,293	548,042
Our Mother's House	158,658	101,892
Rural Services Programs	83,851	159,805
Total purpose restrictions	<u>3,426,932</u>	<u>2,054,542</u>
Perpetual in nature:		
Charitable gift annuities	<u>1,672</u>	<u>1,672</u>
Total perpetual in nature	<u>1,672</u>	<u>1,672</u>
Total net assets with donor restrictions	<u>\$ 3,428,604</u>	<u>\$ 2,056,214</u>

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2022 and 2021

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:

	2022	2021
Satisfaction of purpose restrictions:		
Boca Grande Child Care Center	\$ -	\$ 225,309
Disaster Response	93,267	92,053
Counseling	28,830	-
Direct Assistance	146,008	198,387
Guadalupe Social Services	51,545	156,379
Other	170,155	118,906
Our Mother's House	29,297	30,777
Rural Services Programs	119,939	14,541
Total net assets released from restrictions	\$ 639,041	\$ 836,352

9. Employee Retirement Plans

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

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

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

The following table discloses quantitative information of the Pension Plan as of and for the year ended February 1, 2022, which is the date of the latest actuarial valuation.

Legal Name and Plan Number	Plan EIN	Actuarial present value of accumulated plan benefits	Fair value of plan assets	Total contributions	Long Term Funded Status
Diocese of Venice Pension Plan & Trust, Number 001	45-6947361	\$ 116,162,017	\$ 128,515,817	\$ 4,832,353	111%

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2022 and 2021

9. Employee Retirement Plans (Continued)

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

Contributions to the plans by Catholic Charities for the years ended June 30, 2022 and 2021 totaled \$359,323 and \$358,419, respectively.

10. Lease Commitments

Equipment Leases

Catholic Charities has entered into operating lease agreements for office space and equipment expiring through fiscal year 2027 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:

2023	\$	14,854
2024		7,888
2025		789
2026		360
2027		360
Total operating lease commitment for equipment	\$	<u>24,251</u>

Total expenses for operating equipment leases amounted to \$28,336 and \$32,730 for the years ended June 30, 2022 and 2021, respectively.

Office Leases

Catholic Charities leases several office facilities for various terms under short-term or month-to-month operating lease agreements for providing its program services. Catholic Charities has a single long-term lease agreement that expires in 2023.

The future minimum required lease payments under operating office leases are as follows as of June 30:

2023	\$	<u>47,200</u>
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Office rent expense for the years ended June 30, 2022 and 2021 was \$70,485 and \$67,344, respectively.

11. Related Party Transactions

Contributions, Pension and Insurance

The Diocese contributes significant funds to Catholic Charities each year. For the years ended June 30, 2022 and 2021, \$1,460,000 and \$1,459,302 respectively, or approximately 12% and 11% 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.

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2022 and 2021

II. Related Party Transactions (Continued)

Contributions, Pension and Insurance (Continued)

For the years ended June 30, 2022 and 2021, Catholic Charities paid the following amounts to the Diocese:

	<u>2022</u>		<u>2021</u>
Pension and 403(b) contributions	\$ 358,698	\$	347,169
Group health, dental and life insurance	836,987		804,851
Property, auto, liability, worker's compensation and unemployment insurance	212,118		197,765
Information technology services	50,820		50,820
Total payments to the Diocese	<u>\$ 1,458,623</u>	\$	<u>1,400,605</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, 2022 and 2021, Catholic Charities received contributions from Catholic Charities Foundation totaling \$617,421 and \$649,272, respectively. These amounts are included under Catholic and Other Organizations support in the accompanying Consolidated Statements 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, 2022 and 2021, the balance was \$0 and \$348,352, respectively. See Note 5 to the consolidated financial statements.

Cash Deposits

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

Guarantees with Housing Entities

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

12. Lee County Operations

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

The Lee County assets are considered a component of both the net assets with and without donor restrictions as of June 30, 2022 and 2021. Services are provided primarily to the Hispanic and Haitian populations within Lee County.

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2022 and 2021

12. Lee County Operations (Continued)

	<u>2022</u>		<u>2021</u>
Cash-restricted	\$ 143,297	\$	124,811
Contracts receivable	167,985		160,836
Land, building and equipment, net of accumulated depreciation of \$299,129 and \$261,372 respectively	<u>247,426</u>		<u>184,353</u>
Total Lee County assets	<u>\$ 558,708</u>	\$	<u>470,000</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, 2022 and 2021.

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, 2022 and 2021 amounted to \$7,268,038 and \$6,624,845, 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. Risks and Uncertainties

Almost 3 years since the WHO's pandemic declaration, COVID-19 is widely recognized as endemic and a nuisance that people and businesses live with, similar to the seasonal flu or common cold. Most, if not all, businesses have returned to "normal operations" pre-pandemic, however, the risk of new or more virulent variants of COVID-19 exists, which may prompt a return to the previous government mandated social distancing or lockdowns. The current economic outlook with double digit inflation rates and projected world-wide recession, is a concern for individual contributions and remains to be seen whether this will impact people's ability to donate.

16. Subsequent Events

Catholic Charities has evaluated all events subsequent to the Consolidated Statements of Financial Position date of June 30, 2022 through the date these consolidated financial statements were available to be issued, October 25, 2022, and have determined that, except as set forth below, there were no subsequent events that require disclosure under the FASB Accounting Standards Codification.

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2022 and 2021

16. Subsequent Events (Continued)

On Wednesday September 28, the entire SW Florida region was hit by Category 4 Hurricane Ian. The impacts of the storm damage are widespread and affect almost every county within the 10 county region of the Diocese of Venice. As of this date, the primary focus has been and continues to be disaster response and damage mitigation. Several Catholic Charities facilities were damaged by the storm and damage assessments are ongoing. The immediate need is for food and water for those most severely impacted. The long term effects and needs have yet to be determined and may last for years. Hurricane Ian's impacts may also provide a substantial source for fundraising as people from all over Florida and the nation want to contribute to the relief efforts.

Supplemental Information

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

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

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 State of Florida Department of Children and Families State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	LF927	81,315
Passed-through State of Florida Department of Health Child and Adult Care Food Program	10.558	1565	2,316
Total U.S. Department of Agriculture			<u>83,631</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed-through Suncoast Partnership to End Homelessness, Inc. Emergency Solutions Grant Program	14.231	E-20-UW-12-0014	130,257
Passed-through The Lee Board of County Commissioners Emergency Solutions Grant Program	14.231	8909	537,233
Continuum of Care Program	14.267	FL0828T4H001900	32,875
Continuum of Care Program	14.267	FL0828L4H002001	83,275
Continuum of Care Program	14.267	FL0828L4H002102	49,248
Total Continuum of Care Program			<u>165,398</u>
Total U.S. Department of Housing and Urban Development			<u>832,888</u>
<u>U.S. Department of Justice</u>			
Services for Trafficking Victims	16.320	2019-VT-BX-0094	222,060
Services for Trafficking Victims	16.320	2020-VT-BX-0074	116,503
Total Services for Trafficking Victims			<u>338,563</u>
Total U.S. Department of Justice			<u>338,563</u>
<u>U.S. Department of the Treasury</u>			
Passed-through Lee County Coronavirus State and Local Fiscal Recovery Funds	21.027	ARPA-DC311BI	6,425
Total U.S. Department of the Treasury			<u>6,425</u>
<u>Department of Homeland Security</u>			
Emergency Food and Shelter National Board Program	97.024	Various	30,323
Total Department of Homeland Security			<u>30,323</u>
Total Federal Grants and Contracts			\$ <u><u>1,291,830</u></u>

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

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

Notes to the Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

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

Note 2 - Indirect Cost Election

The Organization has elected to use the 10% de minimus cost rate allowed under the Uniform Guidance.

Note 3 - Subrecipient Activity

No federal awards were passed through to subrecipients during the fiscal year ended June 30, 2022.

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, 2022

	Without Donor Restrictions			
	Social Services	Education	Citizenship	Elderly Services
Support:				
Diocese of Venice	\$ 45,500	\$ 80,000	\$ 50,000	\$ 65,000
Contributions	19,428	2,125	250	-
Board of County Commissioners, Lee County	132,921	88,352	-	42,933
United Way grants	-	37,214	-	57,710
Federal grants	543,658	-	-	-
Other grants	-	-	-	-
Total support	<u>741,507</u>	<u>207,691</u>	<u>50,250</u>	<u>165,643</u>
Revenues:				
Program service fees	-	5,666	51,180	-
Total revenues	<u>-</u>	<u>5,666</u>	<u>51,180</u>	<u>-</u>
Net assets released from restrictions	<u>8,737</u>	<u>18,992</u>	<u>-</u>	<u>-</u>
Special events revenue	<u>-</u>	<u>48,327</u>	<u>-</u>	<u>-</u>
Total support, revenues and reclassifications	<u>750,244</u>	<u>280,676</u>	<u>101,430</u>	<u>165,643</u>
Expenses:				
Salaries	279,596	154,893	38,426	126,920
Conferences, meetings and dues	2,309	7,291	644	180
Employee benefits	72,001	46,932	24,886	48,376
General insurance	3,666	10,925	2,483	1,089
Maintenance and equipment	14,206	176,058	1,482	819
Office supplies and postage	7,660	15,663	4,427	1,448
Other	243	13,538	-	-
Outside services	74,363	26,163	20,019	2,773
Payroll taxes	20,585	11,463	2,749	9,119
Professional fees	3,782	1,418	678	862
Rent and utilities	9,990	15,153	7,040	1,117
Direct assistance	477,963	2,383	-	1,866
Fundraising	-	81	-	-
Staff training and recruiting	204	118	-	-
Telephone	8,526	12,833	2,996	2,778
Travel	8,973	609	48	6,803
Total expenses	<u>984,067</u>	<u>495,521</u>	<u>105,878</u>	<u>204,150</u>
Increase (decrease) in net assets	<u>\$ (233,823)</u>	<u>\$ (214,845)</u>	<u>\$ (4,448)</u>	<u>\$ (38,507)</u>

Total Without Donor Restrictions	With Donor Restrictions	Total
\$ 240,500	\$ -	\$ 240,500
21,803	27,729	49,532
264,206	-	264,206
94,924	-	94,924
543,658	-	543,658
-	-	-
<u>1,165,091</u>	<u>27,729</u>	<u>1,192,820</u>
<u>56,846</u>	<u>-</u>	<u>56,846</u>
<u>56,846</u>	<u>-</u>	<u>56,846</u>
<u>27,729</u>	<u>(27,729)</u>	<u>-</u>
<u>48,327</u>	<u>-</u>	<u>48,327</u>
<u>1,297,993</u>	<u>-</u>	<u>1,297,993</u>
599,835	-	599,835
10,424	-	10,424
192,195	-	192,195
18,163	-	18,163
192,565	-	192,565
29,198	-	29,198
13,781	-	13,781
123,318	-	123,318
43,916	-	43,916
6,740	-	6,740
33,300	-	33,300
482,212	-	482,212
81	-	81
322	-	322
27,133	-	27,133
16,433	-	16,433
<u>1,789,616</u>	<u>-</u>	<u>1,789,616</u>
<u><u>\$ (491,623)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (491,623)</u></u>

Contract Compliance

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

Independent Auditor's Report

The Board of Directors
Catholic Charities, Diocese of Venice, Inc. 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, 2022, 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 25, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Kukuing Barbunio & Co.

Sarasota, Florida
October 25, 2022

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's (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, 2022. 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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Kukuing Barbino & Co.

Sarasota, Florida
October 25, 2022

Catholic Charities, Diocese of Venice, Inc. and Related Entity
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

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

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes x no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes x 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 x no

Catholic Charities, Diocese of Venice, Inc. and Related Entity
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

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>
14.231	Emergency Solutions Grant Program

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