

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

Consolidated Financial Statements,
Supplemental Information,
Contract Compliance and
Independent Auditor's Report
June 30, 2021 and 2020

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Independent Auditor's Report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Catholic Charities, Diocese of Venice, Inc. and Related Entity (Catholic Charities), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, 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.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities, Diocese of Venice, Inc. and Related Entity as of June 30, 2021 and 2020, 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.

Other Matters

Supplemental information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is not a required part of the consolidated financial statements. The Schedule of Revenues and Expenses - Lee County Funded Programs of Catholic Charities is not a required part of the consolidated 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 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 financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2021 on our consideration of Catholic Charities, Diocese of Venice, Inc. and Related Entity'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. and Related Entity'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. and Related Entity's internal control over financial reporting and compliance.

Kerkuing Barbario & Co.

Sarasota, Florida
October 27, 2021

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

Consolidated Statements of Financial Position

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets:		
Cash and cash equivalents - without donor restrictions	\$ 2,631,884	\$ 3,023,493
Cash and cash equivalents - board designated	3,028,329	1,010,671
Cash and cash equivalents - purpose and time restricted	2,054,542	1,722,744
Cash and cash equivalents - perpetual in nature restricted	1,672	1,672
Total cash and cash equivalents	<u>7,716,427</u>	<u>5,758,580</u>
Contracts and grants receivable	231,591	128,116
Accounts receivable	61,220	81,131
Prepaid insurance and other expenses	242,992	180,887
Total current assets	<u>8,252,230</u>	<u>6,148,714</u>
Beneficial interest in gift annuities	40,411	42,147
Land, building and equipment, net	<u>7,860,204</u>	<u>6,964,725</u>
Total Assets	<u>\$ 16,152,845</u>	<u>\$ 13,155,586</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 148,186	\$ 126,780
Accrued expenses	343,312	283,469
Refundable advances	87,682	193,524
Current portion of long-term debt	111,271	106,119
Total current liabilities	<u>690,451</u>	<u>709,892</u>
Other Liabilities:		
Long-term debt, net of current portion	<u>317,081</u>	<u>1,460,657</u>
Total liabilities	<u>1,007,532</u>	<u>2,170,549</u>
Net Assets:		
Without donor restrictions:		
Undesignated	2,628,918	1,820,156
Board designated	3,028,329	1,010,671
Designated for land, building and equipment	7,431,852	6,429,794
Total net assets without donor restrictions	<u>13,089,099</u>	<u>9,260,621</u>
With donor restrictions:		
Purpose and time restrictions	2,054,542	1,722,744
Perpetual in nature	1,672	1,672
Total net assets with donor restrictions	<u>2,056,214</u>	<u>1,724,416</u>
Total net assets	<u>15,145,313</u>	<u>10,985,037</u>
Total Liabilities and Net Assets	<u>\$ 16,152,845</u>	<u>\$ 13,155,586</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 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
Support:				
Diocese of Venice	\$ 1,459,302	\$ -	\$ 1,459,302	\$ 1,620,698
Contributions	3,874,062	464,508	4,338,570	2,186,964
Government grants and contracts	1,450,863	-	1,450,863	1,034,100
United Way grants	270,821	35,174	305,995	385,636
Catholic and other organizations	1,174,250	323,440	1,497,690	1,269,312
Other grants	1,047,111	345,028	1,392,139	1,056,574
Total support	<u>9,276,409</u>	<u>1,168,150</u>	<u>10,444,559</u>	<u>7,553,284</u>
Revenue:				
Program service fees	418,732	-	418,732	449,935
Interest and dividends	159,090	-	159,090	101,926
Change in value of gift annuities	(1,736)	-	(1,736)	(2,955)
PPP Loan forgiveness	1,033,565	-	1,033,565	-
Total revenue	<u>1,609,651</u>	<u>-</u>	<u>1,609,651</u>	<u>548,906</u>
Net assets released from restriction	<u>836,352</u>	<u>(836,352)</u>	<u>-</u>	<u>-</u>
Special events revenue	1,365,319	-	1,365,319	1,615,267
Less direct costs of special events	(104,074)	-	(104,074)	(534,697)
Net revenue from special events	<u>1,261,245</u>	<u>-</u>	<u>1,261,245</u>	<u>1,080,570</u>
Total support, revenue and reclassifications	<u>12,983,657</u>	<u>331,798</u>	<u>13,315,455</u>	<u>9,182,760</u>
Expenses:				
Program services	8,178,193	-	8,178,193	8,625,962
Management and general	674,653	-	674,653	384,496
Fund raising	302,333	-	302,333	245,755
Total expenses	<u>9,155,179</u>	<u>-</u>	<u>9,155,179</u>	<u>9,256,213</u>
Change in net assets	3,828,478	331,798	4,160,276	(73,453)
Net assets at beginning of year	9,260,621	1,724,416	10,985,037	11,058,490
Net assets at end of year	<u>\$ 13,089,099</u>	<u>\$ 2,056,214</u>	<u>\$ 15,145,313</u>	<u>\$ 10,985,037</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, 2020

(With Summarized Totals for 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2021 Total</u>
Support:				
Diocese of Venice	\$ 1,620,698	\$ -	\$ 1,620,698	\$ 1,459,302
Contributions	1,791,304	395,660	2,186,964	4,338,570
Government grants and contracts	1,029,100	5,000	1,034,100	1,450,863
United Way grants	331,151	54,485	385,636	305,995
Catholic and other organizations	1,132,703	136,609	1,269,312	1,497,690
Other grants	712,108	344,466	1,056,574	1,392,139
Total support	<u>6,617,064</u>	<u>936,220</u>	<u>7,553,284</u>	<u>10,444,559</u>
Revenue:				
Program service fees	449,935	-	449,935	418,732
Interest and dividends	101,926	-	101,926	159,090
Change in value of gift annuities	(2,955)	-	(2,955)	(1,736)
PPP Loan forgiveness	-	-	-	1,033,565
Total revenue	<u>548,906</u>	<u>-</u>	<u>548,906</u>	<u>1,609,651</u>
Net assets released from restrictions	<u>874,659</u>	<u>(874,659)</u>	<u>-</u>	<u>-</u>
Special events revenue	1,615,267	-	1,615,267	1,365,319
Less direct costs of special events	(534,697)	-	(534,697)	(104,074)
Net revenue from special events	<u>1,080,570</u>	<u>-</u>	<u>1,080,570</u>	<u>1,261,245</u>
Total support, revenue and reclassifications	<u>9,121,199</u>	<u>61,561</u>	<u>9,182,760</u>	<u>13,315,455</u>
Expenses:				
Program services	8,625,962	-	8,625,962	8,178,193
Management and general	384,496	-	384,496	674,653
Fund raising	245,755	-	245,755	302,333
Total expenses	<u>9,256,213</u>	<u>-</u>	<u>9,256,213</u>	<u>9,155,179</u>
Change in net assets	(135,014)	61,561	(73,453)	4,160,276
Net assets at beginning of year	9,395,635	1,662,855	11,058,490	10,985,037
Net assets at end of year	<u>\$ 9,260,621</u>	<u>\$ 1,724,416</u>	<u>\$ 10,985,037</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 Functional Expenses

Year Ended June 30, 2021

(With Summarized Totals for 2020)

	<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	2020 Total
\$ 88,191	\$ 66,422	\$ 3,455,149	\$ 3,883,645
39,208	21,004	1,245,997	1,264,690
-	-	1,582,254	1,355,633
206,893	90,165	645,509	601,567
40,991	1,773	268,030	272,464
6,402	4,449	252,361	285,236
154,171	6,833	498,811	361,416
13,764	-	458,792	430,285
7,519	3,059	86,034	112,894
16,549	2,755	82,764	87,304
-	-	75,057	107,029
21,638	704	102,369	119,472
-	95,521	111,001	104,845
8,546	1,235	40,916	47,679
22,065	897	46,311	34,888
44,369	4,107	69,364	63,424
1,851	1,170	33,300	31,130
-	-	7,166	5,374
-	2,239	70,955	59,591
2,303	-	3,424	1,563
-	-	19,422	26,084
193	-	193	-
<u>\$ 674,653</u>	<u>\$ 302,333</u>	<u>\$ 9,155,179</u>	<u>\$ 9,256,213</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, 2020

(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	\$ 809,519	\$ 1,480,796	\$ 1,475,942	\$ 3,766,257
Employee benefits	256,265	523,807	457,224	1,237,296
Specific assistance	278,142	1,063,581	13,910	1,355,633
Outside services	56,426	67,476	268,632	392,534
Rent and utilities	107,953	81,718	35,910	225,581
Payroll taxes	50,065	113,281	112,910	276,256
Maintenance and equipment	118,109	122,137	111,431	351,677
Depreciation	100,170	204,515	112,691	417,376
Communications	33,357	36,767	30,865	100,989
Office supplies and postage	11,569	36,024	27,769	75,362
Religious stipends	-	107,029	-	107,029
Travel	24,491	55,329	16,033	95,853
Promotion	3,382	7,161	8,090	18,633
Printing	9,908	19,030	14,261	43,199
Other	7,401	4,755	6,247	18,403
Conferences, meetings and dues	5,955	8,628	11,542	26,125
Professional fees	6,121	12,730	9,180	28,031
Housing	-	5,374	-	5,374
General insurance	24,952	20,068	13,466	58,486
Staff training and recruiting	432	455	617	1,504
Interest expense	-	24,364	-	24,364
Grant expense	-	-	-	-
Total functional expenses	\$ <u>1,904,217</u>	\$ <u>3,995,025</u>	\$ <u>2,726,720</u>	\$ <u>8,625,962</u>

Management and General	Fund Raising	2020 Total	2021 Total
\$ 82,705	\$ 34,683	\$ 3,883,645	\$ 3,455,149
4,302	23,092	1,264,690	1,245,997
-	-	1,355,633	1,582,254
122,743	86,290	601,567	645,509
45,384	1,499	272,464	268,030
6,327	2,653	285,236	252,361
7,167	2,572	361,416	498,811
12,909	-	430,285	458,792
9,892	2,013	112,894	86,034
10,394	1,548	87,304	82,764
-	-	107,029	75,057
22,585	1,034	119,472	102,369
-	86,212	104,845	111,001
3,659	821	47,679	40,916
15,914	571	34,888	46,311
37,116	183	63,424	69,364
1,620	1,479	31,130	33,300
-	-	5,374	7,166
-	1,105	59,591	70,955
59	-	1,563	3,424
1,720	-	26,084	19,422
-	-	-	193
\$ 384,496	\$ 245,755	\$ 9,256,213	\$ 9,155,179

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 4,160,276	\$ (73,453)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	458,792	430,285
PPP Loan forgiveness	(1,033,565)	-
Change in value of gift annuities	1,736	2,955
Change in operating assets:		
Contracts and grants receivable	(103,475)	(6,394)
Accounts receivable	19,911	(30,861)
Prepaid insurance and other expenses	(62,105)	40,122
Change in operating liabilities:		
Accounts payable	21,406	35,171
Accrued expenses	61,562	44,291
Refundable advances	(105,842)	152,980
Total adjustments	<u>(741,580)</u>	<u>668,549</u>
Net cash provided by operating activities	<u>3,418,696</u>	<u>595,096</u>
Cash Flows from Investing Activities:		
Purchases of land, building and equipment	<u>(1,354,271)</u>	<u>(137,001)</u>
Net cash used in investing activities	<u>(1,354,271)</u>	<u>(137,001)</u>
Cash Flows from Financing Activities:		
Payments on long-term debt	(106,578)	(100,920)
Proceeds from long-term debt	-	1,031,845
Net cash provided by (used in) financing activities	<u>(106,578)</u>	<u>930,925</u>
Net change in cash and cash equivalents	1,957,847	1,389,020
Cash and cash equivalents - beginning of year	5,758,580	4,369,560
Cash and cash equivalents - end of year	<u>\$ 7,716,427</u>	<u>\$ 5,758,580</u>

Supplemental disclosure of cash flow information:

Cash paid during the year for interest totaled \$19,422 and \$24,364 in 2021 and 2020, respectively.

See accompanying notes to consolidated financial statements.

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

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

I. Organization and Nature of Operations

Catholic Charities, Diocese of Venice, Inc. and Related Entity (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, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020, the fair value of two of the gift annuities was determined to be less than the estimated future payments to the beneficiaries. Adjustments of \$1,736 and \$2,955 were recorded to decrease the beneficial interest in gift annuities in the Consolidated Statement of Financial Position for the years ended June 30, 2021 and 2020, 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, 2021 and 2020

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. Catholic Charities also received funds in advance of special events that were cancelled or postponed as a result of the events discussed in Note 15. Advances for services that were not performed and special events that have not taken place as of June 30, 2021 and 2020 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, 2018 through June 30, 2021.

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. 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 \$18,802 is recorded in the accompanying consolidated financial statements for each of the years ended June 30, 2021 and 2020, and is included in support from the Diocese of Venice and rent expense on the Consolidated 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 consolidated 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, accounts payable, accrued expenses, and refundable advances.

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2021 and 2020

2. Summary of Significant Accounting Policies (Continued)

Reclassifications

To facilitate comparison of financial data, certain amounts in the 2020 consolidated financial statements have been reclassified to conform to the 2021 reporting presentation. Such reclassifications had no effect on the change in net assets previously reported.

3. Liquidity and Availability

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

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 7,716,427	\$ 5,758,580
Contracts and grants receivable	231,591	128,116
Accounts receivable	61,220	81,131
Total financial assets available	<u>8,009,238</u>	<u>5,967,827</u>
Less: Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose and time restrictions	(2,054,542)	(1,722,744)
Restrictions perpetual in nature	(1,672)	(1,672)
Total amounts unavailable for general expenditures within one year	<u>(2,056,214)</u>	<u>(1,724,416)</u>
Less: Amounts unavailable to management without Board approval:		
Board-designated for specific programs	(499,608)	(481,950)
Board-designated for direct assistance	(500,000)	-
Board-designated for disaster loss	(300,000)	(300,000)
Board-designated for capital facility needs	(1,728,721)	(228,721)
Total amounts unavailable to management without Board approval:	<u>(3,028,329)</u>	<u>(1,010,671)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 2,924,695</u>	<u>\$ 3,232,740</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.

The Board-designated net assets totaling \$3,028,329 and \$1,010,671 at June 30, 2021 and 2020, 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.

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2021 and 2020

4. Land, Building and Equipment

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

	<u>2021</u>		<u>2020</u>
Land	\$ 2,675,632	\$	1,579,222
Buildings	8,295,793		8,270,093
Equipment	397,935		622,564
Vehicles	267,963		143,046
Leasehold improvements	94,502		33,399
	<u>11,731,825</u>		<u>10,648,324</u>
Less accumulated depreciation	3,871,621		3,683,599
Land, building and equipment, net	<u>\$ 7,860,204</u>	\$	<u>6,964,725</u>

Depreciation expense for the years ended June 30, 2021 and 2020 totaled \$458,792 and \$430,285, 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, 2021 and 2020, government funded assets had a total net book value of \$598,420 and \$618,904, 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, 2021 and 2020, 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.

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% (3.25% effective July 1, 2021). Principal and interest payments are payable in monthly installments of \$10,500, 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, 2021 and 2020, the balance was \$348,352 and \$454,931, respectively.

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2021 and 2020

5. Long-Term Debt (Continued)

Payroll Protection Program Forgivable Loan

On June 10, 2020, Catholic Charities qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act for an aggregate principal amount of \$1,031,845 (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon Catholic Charities' request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by Catholic Charities. Catholic Charities applied for forgiveness of the PPP Loan with respect to these covered expenses. On February 24, 2021, the SBA forgave and remitted the full amount of the principal balance and accrued interest to the lender of record.

Catholic Charities recorded the PPP Loan in accordance with ASC 470, *Debt*. The PPP Loan is 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. The balance of the PPP Loan at June 30, 2020 was \$1,031,845.

Future Maturities of Long-Term Debt

Future maturities of notes payable at June 30, 2021, are as follows:

Year ending June 30:

2022	\$	111,271
2023		116,673
2024		120,408
2025		80,000
Total	\$	<u>428,352</u>

6. Board Designated Net Assets

As of June 30, 2021 and 2020, Catholic Charities had Board designated net assets of the following for future program services:

	2021	2020
Boca Grande Child Care Center	\$ 499,608	\$ 481,950
Direct Assistance	500,000	-
Capital Facility Needs	1,728,721	228,721
Disaster Loss	300,000	300,000
Total board designated net assets	\$ <u>3,028,329</u>	\$ <u>1,010,671</u>

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2021 and 2020

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:

	2021	2020
Subject to expenditure for specified purpose:		
Boca Grande Child Care Center	\$ 426,467	\$ 379,361
Disaster Response	159,040	181,577
Clare House	4,291	4,291
Counseling	82,660	3,000
Direct Assistance	360,664	278,577
Guadalupe Social Services	211,681	44,332
Other	548,042	734,949
Our Mother's House	101,892	63,671
Rural Services Programs	159,805	32,986
Total purpose restrictions	2,054,542	1,722,744
Perpetual in nature:		
Charitable gift annuities	1,672	1,672
Total perpetual in nature	1,672	1,672
Total net assets with donor restrictions	\$ 2,056,214	\$ 1,724,416

Funds related to Hurricane Irma Disaster Relief included in the other category as of June 30, 2021 and 2020 were \$2,869 and \$38,247, 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:

	2021	2020
Satisfaction of purpose restrictions:		
Bethesda House	\$ -	\$ 5,000
Boca Grande Child Care Center	225,309	132,696
Disaster Response	92,053	31,666
Counseling	-	1,271
Direct Assistance	198,387	187,439
Guadalupe Social Services	156,379	20,779
Other	118,906	458,538
Our Mother's House	30,777	13,504
Rural Services Programs	14,541	23,766
Total net assets released from restrictions	\$ 836,352	\$ 874,659

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2021 and 2020

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 was most recently amended effective July 21, 2017.

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, 2021, 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	\$ 116,818,393	\$ 120,351,208	\$ 6,235,332	103%

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, 2021 and 2020 totaled \$358,419 and \$367,968, respectively.

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2021 and 2020

10. Lease Commitments

Equipment Leases

Catholic Charities has entered into operating lease agreements for office space and equipment expiring through fiscal year 2025 with lease terms from two to three 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:

2022	\$	23,131
2023		14,921
2024		7,095
2025		392
Total operating lease commitment for equipment	\$	<u>45,539</u>

Total expenses for operating equipment leases amounted to \$32,730 and \$33,951 for the years ended June 30, 2021 and 2020, respectively.

Office Leases

Catholic Charities leases several office facilities for various terms under long-term operating lease agreements for providing its program services. The leases expire at various dates through fiscal year 2023 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:

2022	\$	1,200
2023		1,200
Total office lease commitments	\$	<u>2,400</u>

Office rent expense for the years ended June 30, 2021 and 2020 was \$67,344 and \$65,866, 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, 2021 and 2020, \$1,459,302 and \$1,620,698 respectively, or approximately 11% and 18% of total support and revenue, respectively, was provided by the Diocese. Catholic Charities also participates in a pension and defined contribution plan of the Diocese, receives information technology services from the Diocese and purchases life, health, liability and property insurance from the Diocese.

For the years ended June 30, 2021 and 2020, Catholic Charities paid the following amounts to the Diocese:

	<u>2021</u>	<u>2020</u>
Pension and 403(b) contributions	\$ 347,169	\$ 367,968
Group health, dental and life insurance	804,851	775,517
Property, auto, liability, worker's compensation and unemployment insurance	197,765	174,240
Information technology services	50,820	-
Total payments to the Diocese	<u>\$ 1,400,605</u>	<u>\$ 1,317,725</u>

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2021 and 2020

11. Related Party Transactions (Continued)

Contributions, Pension and Insurance (Continued)

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, 2021 and 2020, Catholic Charities received contributions from Catholic Charities Foundation totaling \$649,272 and \$200,000, 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, 2021 and 2020, the balance was \$348,352 and \$454,931, 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.

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, 2021 and 2020. Services are provided primarily to the Hispanic and Haitian populations within Lee County.

	<u>2021</u>	<u>2020</u>
Cash-restricted	\$ 124,811	\$ 225,111
Contracts receivable	160,836	5,720
Land, building and equipment, net of accumulated depreciation of \$261,372 and \$338,241 respectively	<u>184,353</u>	<u>190,598</u>
Total Lee County assets	<u>\$ 470,000</u>	<u>\$ 421,429</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, 2021 and 2020.

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

Notes to Consolidated Financial Statements (Continued)

June 30, 2021 and 2020

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, 2021 and 2020 amounted to \$6,624,845 and \$4,246,217, 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

The World Health Organization (WHO) declared the COVID-19 virus as a global pandemic on March 11, 2020. Now, 18 months since the declaration of the global pandemic, COVID-19 continues to be a challenge to businesses and uncertainty for the future as more and more new variants of the virus continue to evolve. The restrictions and lockdowns of the past are no longer in place and the COVID-19 vaccines seem to be offering a great deal of hope for the future, but the possibility of a return to the lockdowns continues to be a concern for the future. Catholic Charities is projecting a return to more normalized operations into FY 2022 and beyond, with the sustained growth of new programs and consistent individual contributions.

16. Subsequent Events

Catholic Charities has evaluated all events subsequent to the Consolidated Statements of Financial Position date of June 30, 2021 through the date these consolidated financial statements were available to be issued, October 27, 2021, and have determined that there were no subsequent events that require disclosure under the FASB Accounting Standards Codification.

Supplemental Information

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

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Entity Identification or Contract Number</u>	<u>Total Reimbursable Expenditures</u>
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	<u>84,190</u>
Total U.S. Department of Agriculture			<u>84,190</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed-through Sarasota County Government Community Development Block Grants/Entitlement Grants	14.218	B-19-UC-12-0014	2,239
Passed-through The Lee Board of County Commissioners Emergency Solutions Grant Program	14.231	8909	<u>343,270</u>
Total U.S. Department of Housing and Urban Development			<u>345,509</u>
<u>U.S. Department of Justice</u>			
Services for Trafficking Victims	16.320	2019-VT-BX-0094	282,960
Services for Trafficking Victims	16.320	2020-VT-BX-0074	<u>36,812</u>
Total Services for Trafficking Victims			<u>319,772</u>
Total U.S. Department of Justice			<u>319,772</u>
<u>U.S. Department of the Treasury</u>			
Passed-through Lee County Coronavirus Relief Fund	21.019	SLT0050	22,787
Passed-through Sarasota County Coronavirus Relief Fund	21.019	SLT0246	<u>159,883</u>
Total Coronavirus Relief Fund			<u>182,670</u>
Total U.S. Department of the Treasury			<u>182,670</u>
<u>U.S. Department of Health and Human Services</u>			
Passed-through National Council for Behavioral Health Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79SM082177-01 Subaward #2650.0033	25,000
Passed-through United States Catholic Conference Refugee and Entrant Assistance: Voluntary Agency Program	93.567	1801DCRVMG	<u>45,013</u>
Total U.S. Department of Health and Human Services			<u>70,013</u>
<u>Department of Homeland Security</u>			
Emergency Food and Shelter National Board Program	97.024	Various	<u>74,400</u>
Total Department of Homeland Security			<u>74,400</u>
Total Federal Grants and Contracts			\$ <u><u>1,076,554</u></u>

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

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2021

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, 2021.

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, 2021

	Without Donor Restrictions			
	Social Services	Education	Citizenship	Elderly Services
Support:				
Diocese of Venice	\$ 43,200	\$ 55,080	\$ 44,550	\$ 57,600
Contributions	12,928	16,670	-	1,435
Board of County Commissioners, Lee County	-	89,724	-	40,799
United Way grants	-	41,184	-	54,554
Federal grants	331,498	-	-	-
Other grants	-	24,505	-	-
Total support	<u>387,626</u>	<u>227,163</u>	<u>44,550</u>	<u>154,388</u>
Revenues:				
Program service fees	-	2,325	37,460	-
Total revenues	<u>-</u>	<u>2,325</u>	<u>37,460</u>	<u>-</u>
Net assets released from restrictions	<u>24,946</u>	<u>2,091</u>	<u>-</u>	<u>-</u>
Special events revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support, revenues and reclassifications	<u>412,572</u>	<u>231,579</u>	<u>82,010</u>	<u>154,388</u>
Expenses:				
Salaries	208,676	82,144	34,787	136,276
Conferences, meetings and dues	1,725	733	991	636
Employee benefits	51,084	36,035	22,068	45,216
General insurance	2,617	7,876	2,070	1,050
Maintenance and equipment	33,971	38,614	12,451	3,773
Office supplies and postage	6,251	5,772	4,215	1,164
Other	460	13,648	42	1,748
Outside services	40,595	5,075	7,869	2,424
Payroll taxes	15,233	6,119	2,515	9,900
Professional fees	917	1,151	540	999
Rent and utilities	6,793	10,942	2,362	1,149
Direct assistance	229,876	100	-	1,414
Fundraising	-	-	-	-
Staff training and recruiting	284	152	48	-
Telephone	3,029	7,627	1,496	1,754
Travel	6,162	877	330	5,330
Total expenses	<u>607,673</u>	<u>216,865</u>	<u>91,784</u>	<u>212,833</u>
Increase (decrease) in net assets	<u>\$ (195,101)</u>	<u>\$ 14,714</u>	<u>\$ (9,774)</u>	<u>\$ (58,445)</u>

Total Without Donor Restrictions	With Donor Restrictions	Total
\$ 200,430	\$ -	\$ 200,430
31,033	27,037	58,070
130,523	-	130,523
95,738	-	95,738
331,498	-	331,498
24,505	-	24,505
<u>813,727</u>	<u>27,037</u>	<u>840,764</u>
<u>39,785</u>	<u>-</u>	<u>39,785</u>
<u>39,785</u>	<u>-</u>	<u>39,785</u>
<u>27,037</u>	<u>(27,037)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>880,549</u>	<u>-</u>	<u>880,549</u>
461,883	-	461,883
4,085	-	4,085
154,403	-	154,403
13,613	-	13,613
88,809	-	88,809
17,402	-	17,402
15,898	-	15,898
55,963	-	55,963
33,767	-	33,767
3,607	-	3,607
21,246	-	21,246
231,390	-	231,390
-	-	-
484	-	484
13,906	-	13,906
12,699	-	12,699
<u>1,129,155</u>	<u>-</u>	<u>1,129,155</u>
<u>\$ (248,606)</u>	<u>\$ -</u>	<u>\$ (248,606)</u>

Contract Compliance



Kerkering, Barberio & Co.
Certified Public Accountants

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Catholic Charities, Diocese of Venice, Inc. and Related Entity (the Organization), which comprise the statement of financial position as of June 30, 2021, 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 27, 2021.

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 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 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 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.

Kukuing Barbario & Co.

Sarasota, Florida
October 27, 2021

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

We have audited Catholic Charities, Diocese of Venice, Inc. and Related Entity'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, 2021. 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 (CFR) 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, 2021.

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.

Kerkuing Barbunio & Co.

Sarasota, Florida
October 27, 2021

Catholic Charities, Diocese of Venice, Inc. and Related Entity
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

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
16.320	Services for Trafficking Victims

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

Auditee qualified as low-risk auditee? yes x 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