

**CATHOLIC CHARITIES OF THE DIOCESE OF
PALM BEACH, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2024 AND 2023

- TENTATIVE REPORT -
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Catholic Charities of the Diocese of Palm Beach, Inc.
Palm Beach Gardens, Florida

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Catholic Charities of the Diocese of Palm Beach, Inc. (the Organization) (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization, as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' 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 auditors' 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 the Organization's 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 the Organization's 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 audits.

Supplementary Information

Our audit was conducted for the purpose of forming 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 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 REPORT DATE, on our consideration of the Organization’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 the Organization’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 the Organization’s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Lakeland, Florida
REPORT DATE

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Cash and Cash Equivalents, Including Restrictions of \$1,843,390 and \$1,085,905 in 2024 and 2023, Respectively	\$ 2,092,555	\$ 3,580,046
Elder Affairs Fund	11,685	10,545
Investments	665,391	536,385
Grants Receivable	889,979	749,195
Property and Equipment, Net	1,608,512	1,428,269
Operating Lease Right-of-Use Assets, Net	55,960	104,573
Other Assets	30,877	126,742
Total Assets	\$ 5,354,959	\$ 6,535,755
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 484,581	\$ 335,771
Due to Agency - Elder Affairs Fund	7,224	6,084
Operating Lease Obligation	57,372	106,179
Total Liabilities	549,177	448,034
NET ASSETS		
Without Donor Restrictions	3,261,273	5,001,817
With Donor Restrictions	1,544,509	1,085,904
Total Net Assets	4,805,782	6,087,721
Total Liabilities and Net Assets	\$ 5,354,959	\$ 6,535,755

See accompanying Notes to Consolidated Financial Statements.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Public Support:			
Contributions of Cash and Other			
Financial Assets	\$ 1,182,372	\$ -	\$ 1,182,372
Contributions of Nonfinancial Assets	994,686	-	994,686
Bequests	151,108	-	151,108
United Way	-	16,000	16,000
Grants and Contracts	490,889	2,223,628	2,714,517
Program Service Fees	503,120	-	503,120
Total Public Support	<u>3,322,175</u>	<u>2,239,628</u>	<u>5,561,803</u>
Internal Special Events	1,099,355	-	1,099,355
Less: Costs of Direct Benefits to Donors	(148,679)	-	(148,679)
Total Special Events	<u>950,676</u>	<u>-</u>	<u>950,676</u>
Allocation from the Diocese	1,500,000	-	1,500,000
Interest and Dividend Income	70,270	-	70,270
Investment Earnings	79,005	-	79,005
Net Assets Released from Restrictions	<u>1,781,023</u>	<u>(1,781,023)</u>	<u>-</u>
Total Revenue and Support	<u>7,703,149</u>	<u>458,605</u>	<u>8,161,754</u>
EXPENSES			
Program Services	7,660,555	-	7,660,555
Central Office	1,098,903	-	1,098,903
Fundraising	684,235	-	684,235
Total Expenses	<u>9,443,693</u>	<u>-</u>	<u>9,443,693</u>
CHANGE IN NET ASSETS	(1,740,544)	458,605	(1,281,939)
Net Assets - Beginning of Year	<u>5,001,817</u>	<u>1,085,904</u>	<u>6,087,721</u>
NET ASSETS - END OF YEAR	<u>\$ 3,261,273</u>	<u>\$ 1,544,509</u>	<u>\$ 4,805,782</u>

See accompanying Notes to Consolidated Financial Statements.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Public Support:			
Contributions of Cash and Other			
Financial Assets	\$ 99,690	\$ 1,379,728	\$ 1,479,418
Contributions of Nonfinancial Assets	129,749	765,335	895,084
Bequests	524,974	214,706	739,680
United Way	-	67,000	67,000
Grants and Contracts	15,000	1,781,882	1,796,882
Program Service Fees	488,085	-	488,085
Total Public Support	<u>1,257,498</u>	<u>4,208,651</u>	<u>5,466,149</u>
Internal Special Events	553,163	410,318	963,481
Less: Costs of Direct Benefits to Donors	(95,829)	-	(95,829)
Total Special Events	<u>457,334</u>	<u>410,318</u>	<u>867,652</u>
Allocation from the Diocese	1,500,000	-	1,500,000
Interest and Dividend Income	62,503	-	62,503
Investment Earnings	22,325	-	22,325
Net Assets Released from Restrictions	4,679,863	(4,679,863)	-
Total Revenue and Support	<u>7,979,523</u>	<u>(60,894)</u>	<u>7,918,629</u>
EXPENSES			
Program Services	6,754,839	-	6,754,839
Central Office	812,354	-	812,354
Fundraising	624,268	-	624,268
Total Expenses	<u>8,191,461</u>	<u>-</u>	<u>8,191,461</u>
CHANGE IN NET ASSETS	(211,938)	(60,894)	(272,832)
Net Assets - Beginning of Year	<u>5,213,755</u>	<u>1,146,798</u>	<u>6,360,553</u>
NET ASSETS - END OF YEAR	<u>\$ 5,001,817</u>	<u>\$ 1,085,904</u>	<u>\$ 6,087,721</u>

See accompanying Notes to Consolidated Financial Statements.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Salaries, Taxes, and Benefits	Program Costs	Client Assistance	In-Kind Donations	Professional Fees and Other Operating Expenses	Property and Equipment Expenses	Allocated Overhead	Fundraising	Less Expenses Netted with Revenues on Consolidated Statement of Activities	Total
Program Expense:										
Anti-Human Trafficking	\$ 672,535	\$ 16,776	\$ 336,197	\$ 58,851	\$ 32,838	\$ 75,317	\$ 132,486	\$ 1,989	\$ -	\$ 1,326,989
Birthline/Lifeline	826,320	84,690	14,048	273,073	95,569	387,581	139,075	630	-	1,820,986
Counseling	517,629	3,786	-	-	24,892	69,254	99,487	-	-	715,048
Disaster Recovery	5,915	-	2,864	-	1,180	1,461	6,054	-	-	17,474
Elder Affairs	417,302	3,585	-	-	28,770	71,360	76,302	-	-	597,319
Hunger, Homeless Outreach	326,437	220	401,208	125,326	19,595	94,467	79,545	-	-	1,046,798
Immigration	479,718	2,895	456	-	26,725	110,585	93,114	-	-	713,493
Interfaith Health and Wellness	60,317	2,315	-	-	6,073	3,311	13,761	14,459	(6,998)	93,238
Parish Social Ministry	72,146	30	13,057	-	6,435	17,904	16,598	-	-	126,170
Prison Ministry	162,766	6,280	547	17,555	14,808	31,716	30,909	65	-	264,646
Refugee Resettlement	-	-	-	-	-	-	-	-	-	-
Respect Life Ministry	72,709	249	22,005	-	16,366	12,125	18,052	-	-	141,506
Respite Services	-	-	-	-	-	-	-	-	-	-
Samaritan Center	578,377	9,277	17,711	3,984	38,251	149,873	116,815	24,281	(141,681)	796,888
Total Program Expense	4,192,171	130,103	808,093	478,789	311,502	1,024,954	822,198	41,424	(148,679)	7,660,555
Supporting Services:										
Central Office	1,207,842	16,316	7,626	-	230,906	297,246	(730,902)	69,869	-	1,098,903
Fundraising	334,926	4,062	11,980	24,560	38,395	34,349	(91,296)	327,259	-	684,235
Total Supporting Services	1,542,768	20,378	19,606	24,560	269,301	331,595	(822,198)	397,128	-	1,783,138
Total Expenses by Function	\$ 5,734,939	\$ 150,481	\$ 827,699	\$ 503,349	\$ 580,803	\$ 1,356,549	\$ -	\$ 438,552	\$ (148,679)	\$ 9,443,693

See accompanying Notes to Consolidated Financial Statements.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Salaries, Taxes, and Benefits	Program Costs	Client Assistance	In-Kind Donations	Professional Fees and Other Operating Expenses	Property and Equipment Expenses	Allocated Overhead	Fundraising	Less Expenses Netted with Revenues on Consolidated Statement of Activities	Total
Program Expense:										
Anti-Human Trafficking	\$ 365,846	\$ 10,971	\$ 187,261	\$ 18,011	\$ 22,345	\$ 49,018	\$ 57,915	\$ -	\$ -	\$ 711,367
Birthline/Lifeline	701,082	3,382	15,798	280,173	103,132	279,163	128,913	3,359	-	1,515,002
Counseling	421,819	109	130	-	21,260	107,632	74,275	-	-	625,225
Disaster Recovery	45,559	3,412	84,247	400	838	922	7,610	22	-	143,010
Elder Affairs	439,901	890	(22)	212	27,792	67,330	68,059	-	-	604,162
Hunger, Homeless Outreach	259,724	7,409	475,864	32,780	16,437	85,273	57,278	-	-	934,765
Immigration	364,605	3,129	17	7,575	23,952	95,160	68,239	-	-	562,677
Interfaith Health and Wellness	47,202	800	-	106	3,813	3,879	10,594	7,497	(6,998)	66,893
Parish Social Ministry	68,948	-	13,000	-	3,746	20,384	13,676	(683)	-	119,071
Prison Ministry	153,574	16,901	620	-	12,859	18,554	23,208	-	-	225,716
Refugee Resettlement	115,498	1,588	69,526	31,232	3,079	19,643	16,205	-	-	256,771
Respect Life Ministry	71,601	1,028	17,098	-	14,875	13,677	13,676	-	-	131,955
Respite Services	71	-	-	-	3,465	-	156	-	-	3,692
Samaritan Center	544,312	46,763	30,489	3,896	34,619	141,712	121,565	20,008	(88,831)	854,533
Total Program Expense	3,599,742	96,382	894,028	374,385	292,212	902,347	661,369	30,203	(95,829)	6,754,839
Supporting Services:										
Central Office	559,536	12,959	516,421	89	154,817	242,573	(674,208)	167	-	812,354
Fundraising	214,776	8,654	5,055	29,273	55,456	30,896	12,841	267,317	-	624,268
Total Supporting Services	774,312	21,613	521,476	29,362	210,273	273,469	(661,367)	267,484	-	1,436,622
Total Expenses by Function	\$ 4,374,054	\$ 117,995	\$ 1,415,504	\$ 403,747	\$ 502,485	\$ 1,175,816	\$ 2	\$ 297,687	\$ (95,829)	\$ 8,191,461

See accompanying Notes to Consolidated Financial Statements.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,281,939)	\$ (272,832)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	121,274	117,322
Unrealized Gain	(64,088)	(22,325)
Change in Operating Right-of-Use Assets and Liabilities	(194)	1,606
(Increase) Decrease in Assets:		
Elder Affairs Fund	(1,140)	5,031
Grants Receivable	(140,784)	1,462,232
Other Assets	95,865	(49,173)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	148,810	37,842
Due to Agency - Elder Affairs Fund	1,140	(11,861)
Net Cash Provided (Used) by Operating Activities	(1,121,056)	1,267,842
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Operating Investments	(64,918)	(514,060)
Purchase of Property and Equipment	(301,517)	(147,833)
Net Cash Used by Investing Activities	(366,435)	(661,893)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,487,491)	605,949
Cash and Cash Equivalents - Beginning of Year	3,580,046	2,974,097
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,092,555	\$ 3,580,046
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO CONSOLIDATED STATEMENTS OF FINANCIAL POSITION		
Cash and Cash Equivalents	\$ 249,165	\$ 2,494,141
Cash and Cash Equivalents - Restricted	1,843,390	1,085,905
Total Cash and Cash Equivalents at Year-End	\$ 2,092,555	\$ 3,580,046

See accompanying Notes to Consolidated Financial Statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

Catholic Charities of the Diocese of Palm Beach, Inc. (the Organization) was incorporated on November 20, 1984, as a nonprofit corporation under Florida law. The primary sources of revenue for the Organization include contributions, grants and fees for program services. The Organization is a nonprofit, 501(c)(3) organization, which provided services to the community through the following network of programs for the years ended June 30, 2024 and 2023.

Counseling

Individual, marital, and group counseling.

Outreach and Other Community

Is the primary source of revenue and provided services through the following programs:

- Anti-Human Trafficking
- Birthline/Lifeline
- Disaster Recovery
- Hunger, Homeless, and Outreach
- Immigration Legal Services
- Interfaith Health and Wellness
- Parish Social Ministry
- Prison Ministry
- Project Rachel
- Refugee Resettlement
- Respect Life Ministry
- Respite Services
- Samaritan Center

Elder Affairs

Comprehensive guardianship and case management support for elderly.

Principles of Consolidation

The accompanying consolidated financial statements include the activity of the Catholic Charities Foundation of the Diocese of Palm Beach, Inc. (the Foundation) of which Catholic Charities of the Diocese of Palm Beach, Inc. has controlling interest. The Foundation was created in 2021; however, the year ended June 30, 2023 was the first year with any activity. All significant intercompany transactions and balances have been eliminated in the consolidation.

Basis of Accounting

The consolidated financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses which are associated with a specific program or activity are charged directly to that program or activity. Indirect expenses are allocated to the various programs and activities based on a reasonable basis, such as the percentage of employees' time spent on functions.

Cash and Cash Equivalents

Cash and cash equivalents include checking, savings, money market accounts, and petty cash. The Organization considers short-term investments with a maturity of three months or less when purchased to be cash equivalents. Restricted cash and cash equivalents, which are required to be kept in a separate bank account, are limited in use to payment of emergency financial assistance to qualifying individuals.

The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. At June 30, 2024 and 2023, the Organization had \$1,831,705 and \$2,797,217, respectively, held in cash with the Diocese of Palm Beach Savings Fund Trust, which is not FDIC insured.

Investments

Investments consists of mutual funds. Investments are valued at their fair value in the consolidated statements of financial position. Investment earnings are included in the consolidated statements of activities and consists of unrealized gains and interest and dividend income.

Fair Value of Financial Instruments

The Organization reports its financial assets and liabilities using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Fair Value of Financial Instruments (Continued)

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain financial instruments approximates their fair values due to the short-term nature of these instruments. These financial instruments include cash and cash equivalents, unconditional promises to give due in one year or less, notes receivable, accounts payable, and accrued expenses.

The Organization's Level 1 financial instruments consist of investments as identified in Note 4 and are valued based on quoted market prices.

The Organization has no Level 2 or Level 3 investments.

Property and Equipment

Property, equipment, and leasehold improvements are stated at cost, net of accumulated depreciation. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Depreciation is computed based on useful lives ranging from 3 to 30 years. The Organization capitalizes all expenditures for property, equipment, and leasehold improvements in excess of \$5,000 that have estimated lives over one year. In the absence of donor-imposed restrictions at the date of donation, donated assets are recorded at their fair market value as contributions without restrictions.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the useful lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related property and equipment.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where, where the donor stipulates that resources be maintained in perpetuity.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Net Assets (Continued)

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires, that is, when a designated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions on the consolidated statements of activities as Net Assets Released from Restrictions.

For bequests, the Organization recognizes contribution income and a receivable at the fair value of its interest in the estate once the probate court declares the will valid.

Grant Receivables and Revenue

Grants receivable are recorded when services have been rendered and the granting authority has been billed. If events or changes in circumstances indicate that specific receivable balances may be disallowed by the granting authority, the receivable balances are written-off as an operating expense.

A portion of the Organization's grant revenue is derived from cost-reimbursable federal grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. The Organization received cost reimbursable grants of \$7,224 and \$6,084 that have not been recognized as of June 30, 2024 and 2023, respectively, because qualifying expenditures have not yet been incurred.

Program Service Fees

The Organization records accounts receivable and recognizes program service fees at the time counseling services, elder affairs services, immigration services, and Samaritan Center services are provided to clients.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. The organization does not believe they need an allowance for uncollectible accounts receivable as of June 30, 2024 and 2023.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Donated Facilities, Capital Assets, Services, and Supplies

Donated facilities, buildings, equipment, services, and other noncash donations are recorded as contributions at their fair value at the date of donation. Contributions of donated or discounted services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

The noncash donations, included as program expenses in the accompanying consolidated financial statements, consisted of the following as of June 30:

	2024	2023	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Facilities	\$ 491,337	\$ 491,337	All Programs	Use of facilities to carry out the work of Catholic Charities	Fair value estimated on market rent analysis performed each year by licensed real estate manager
Services	273,073	35,900	Birthline Program	Volunteer time restricted to the reading of ultrasounds within the Birthline program	Fair value estimated on the basis of current rates for comparable services
Supplies	230,276	367,847	All Programs	Various tangible goods donated for specific programs	Fair value estimated on the basis of current rates for comparable products
Building	-	-	Birthline Program	The building is to be used for the Birthline program	Fair value estimated on the basis of Saint Lucie County, Florida Property Appraiser's most recent valuation
Vehicles	-	-	Birthline Program	Vans are to be used for the mobile Birthline programs	Fair value estimated on the basis of prices for recent comparable sales
Total	<u>\$ 994,686</u>	<u>\$ 895,084</u>			

Catholic Charities records the value of donated services when there is an objective basis available to measure the donation's value. In addition, many individuals' volunteer time and skills to perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as donated services.

Income Tax Status

The Organization is a nonprofit that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and, accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. The Organization recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the years ended June 30, 2024 and 2023, the Organization did not incur interest and penalties related to tax positions. The Organization files as a tax-exempt organization, should that status be challenged in the future, all years since inception would be subject to review by the Internal Revenue Service.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Management Estimates

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 amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Leases

Catholic Charities of the Diocese of Palm Beach determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease obligation on the consolidated statements of financial position.

ROU assets represent Catholic Charities of the Diocese of Palm Beach's right to use an underlying asset for the lease term and lease obligation represents the Catholic Charities of the Diocese of Palm Beach's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that Catholic Charities of the Diocese of Palm Beach will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Catholic Charities of the Diocese of Palm Beach has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease obligations or ROU assets on the consolidated statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, Catholic Charities of the Diocese of Palm Beach has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

Catholic Charities of the Diocese of Palm Beach has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Reclassifications

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on previously reported changes in net assets or net assets.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 ADOPTION OF ACCOUNTING PRINCIPLE

At the beginning of July 2023, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The Organization adopted the requirements of the guidance effective July 1, 2023. Adoption of this standard had no impact on the Organization’s consolidated financial statements.

NOTE 3 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

	2024	2023
Cash and Cash Equivalents	\$ 2,092,555	\$ 3,580,046
Grants Receivable	889,979	749,195
Less: Net Assets with Donor Restrictions	(1,544,509)	(1,085,904)
Available to Meet Cash Needs for General Expenditures Within One Year	\$ 1,438,025	\$ 3,243,337

The Organization has a goal to maintain financial assets, which consists of cash and cash equivalents and grants receivable on hand to meet 30 days of normal operating expenses, which are, on average, approximately \$800,000.

NOTE 4 INVESTMENTS

Investments are stated at fair value. Cost and fair value of investments as of June 30, consist of the following:

	2024	
	Cost	Fair Value
Mutual Funds	\$ 578,977	\$ 665,391
Total Investments	\$ 578,977	\$ 665,391
	2023	
	Cost	Fair Value
Mutual Funds	\$ 514,060	\$ 536,385
Total Investments	\$ 514,060	\$ 536,385

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4 INVESTMENTS(CONTINUED)

The Organization's investments as of June 30, consist of the following:

	2024			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 665,391	\$ -	\$ -	\$ 665,391
Total Investments	\$ 665,391	\$ -	\$ -	\$ 665,391
	2023			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 536,385	\$ -	\$ -	\$ 536,385
Total Investments	\$ 536,385	\$ -	\$ -	\$ 536,385

NOTE 5 PROPERTY AND EQUIPMENT

The major classifications of property and equipment consist of the following:

	2024	2023
Land	\$ 248,500	\$ 248,500
CIP	-	44,380
Building and Building Improvements	1,550,370	1,218,392
Furniture and Equipment	288,410	274,491
Vehicles	203,594	226,864
Subtotal	2,290,874	2,012,627
Less: Accumulated Depreciation	682,362	584,358
Property and Equipment, Net	\$ 1,608,512	\$ 1,428,269

Depreciation expense was \$121,274 and \$117,322 for the years ended June 30, 2024 and 2023, respectively.

NOTE 6 DUE TO AGENCY

The Organization provides services to the elderly through guardianship and case management. The Organization holds funds for the elderly enrolled in the program. As of June 30, 2024 and 2023, the Organization has a due to agency balance of \$7,224 and \$6,084, respectively.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 7 RELATED PARTY TRANSACTIONS

Diocese of Palm Beach

Catholic Charities receives its charter and by-laws via the Bishop and the Diocese of Palm Beach. Catholic Charities and the Diocese have some mutual board members.

Cash and Cash Equivalents

The Organization has cash deposited with the Diocese of Palm Beach Savings Fund Trust (SFT) of approximately \$1,831,705 and \$2,797,217 for the years ended June 30, 2024 and 2023, respectively. The SFT serves as an internal bank for parishes, the Diocese, and Diocesan entities. The fund is not intended to compete with commercial banks, but it is a cooperative effort between parishes, the Diocese, and Diocesan entities.

Pension

The employees of the Organization are participants in the Diocese of Palm Beach Defined-Benefit Pension Plan and the Diocese of Palm Beach defined contribution plan under section 403(b) of the IRC.

Allocation from the Diocese

The Organization receives an allocation in the form of a subsidy from the Diocese of Palm Beach, which is reported on the consolidated statements of activities as the Allocation from the Diocese. For the years ended June 30, 2024 and 2023, the Organization received an operating subsidy of approximately \$1,500,000 and \$1,500,000, respectively.

Transactions with Board Members

For the years ended June 30, 2024 and 2023, the Organization received \$63,604 and \$195,873, respectively, in contributions from board members. The Organization also incurred expenses for the years ended June 30, 2024 and 2023 of \$26,031 and \$20,021, respectively, with businesses for which board members work for during the years.

NOTE 8 EMPLOYEE BENEFIT PLANS

The Organization participates in the Pension Plan for Lay Employees and Sisters and Brothers within the Diocese of Palm Beach which is a defined-benefit plan and participates in The Diocese of Palm Beach, Inc. 403(b) Plan which is a defined contribution plan sponsored by the Diocese. Employees must meet certain eligibility requirements to participate in the plans. Since the computed value of vested benefits and plan assets for employees of the Organization cannot be segregated from those of other entities participating in the Plan, it is not possible to determine that portion of the excess or deficit, if any, which may be attributable to the Organization.

The defined-benefit plan is a noncontributory benefit plan. The Organization recognized as net pension cost the required contribution for the period. However, as of July 1, 2012, the accrual of benefits for all lay employees of the Organization has ceased and such benefits have been frozen.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 8 EMPLOYEE BENEFIT PLANS (CONTINUED)

The defined contribution plan commenced on January 1, 2002. The defined contribution plan provides for employee contributions up to a certain specified limit. The Organization contributed up to 5% of the employees' salary and with an additional matching of a maximum of 2% of the employees' elective deferrals into the 403(b) Plan.

The Organization's participation in the plans for the year ended June 30, 2024 is outlined in the table below. The EIN column provides the Employer Identification Number. The most recent Pension Protection Act (PPA) zone status in 2023 is for the plan's previous year-end Form 5500 filing. The zone status is based on information that the Plan received from the pension plans and is certified by the pension plans' actuaries. Among other factors, plans in the red zone (critical status) are generally less than 65% funded. Plans in the yellow zone (endangered status) are (1) less than 80% funded or (2) the plan has an accumulated funding deficiency (the credit balance has been exhausted) in the current plan year or is expected to have a deficiency in any of the next six plan years (taking into consideration any amortization extensions).

Plans in the orange zone (seriously endangered status) have met both yellow zone conditions. Plans in the green zone are at least 80% funded.

The "FIP/RP Status Pending/Implemented" column indicates plans for which a funding improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration dates of the Collective Bargaining Agreement (CBA) to which the plan is subject.

The Diocese of Palm Beach was not required to file Form 5500.

Name of Pension Fund	EIN	Plan Number (If, Available)	Pension Protection Act Zone Status	FIP/RP Status Pending/Implemented
Pension Plan for Lay Employees and Sisters and Brothers within the Diocese of Palm Beach	59-2438903	N/A	N/A	N/A
The Diocese of Palm Beach, Inc. 403(b) Plan	65-0926368	TA069778 00001	N/A	N/A
	<u>Contributions</u>		<u>Surcharge Imposed</u>	<u>Expiration of CBA</u>
	<u>2024</u>	<u>2023</u>		
Pension Plan for Lay Employees and Sisters and Brothers within the Diocese of Palm Beach	\$ 111,612	\$ 99,435	No	N/A
The Diocese of Palm Beach, Inc. 403(b) Plan	266,544	222,067	No	N/A
Total	<u>\$ 378,156</u>	<u>\$ 321,502</u>		

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 9 COMMITMENTS AND CONTINGENCIES

Support from Outside Agencies

Financial awards from federal, state, and local government entities in the form of grants are subject to audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined. However, management is of the opinion that no material liability will result from such audits.

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

Net asset with donor restrictions are restricted for the following programs as of June 30:

	2024	2023
Subject to Expenditure for Specified Purpose:		
Samaritan Center	\$ 911,577	\$ 747,162
Outreach	587,234	331,132
Other Projects	45,698	7,610
Total	\$ 1,544,509	\$ 1,085,904

NOTE 11 CONCENTRATIONS OF RISK

The Organization's operations are substantially dependent on the receipt of funding from the Diocese of Palm Beach. Loss of these funds and/or large decreases in this type of funding may have a material effect on the Organization and a negative impact on overall operations.

NOTE 12 LEASES

Contributed Facilities

The Organization leases office under various leases. Rental expense in contributed facilities was \$491,337 and \$491,337 for the years ended June 30, 2024 and 2023, respectively.

Operating Leases

Catholic Charities of the Diocese of Palm Beach, Inc. leases equipment as well as certain office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2028 and provide for renewal options ranging from 12 months to four years. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Certain facility leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Additionally, the agreements generally require the Organization to pay real estate taxes, insurance, and repairs.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 LEASES (CONTINUED)

Operating Leases (Continued)

The following tables provide quantitative information concerning the Organization's leases for the years ended June 30:

	2024	2023
Lease Cost:		
Operating Lease Cost	\$ 59,271	\$ 61,065
Total Lease Cost	\$ 59,271	\$ 61,065
	2024	2023
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities		
Operating Cash Flows from Operating Leases	\$ 59,465	\$ 57,310
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	9,809	161,883
Weighted-Average Remaining Lease Term - Operating Leases	1.3 Years	1.65 Years
Weighted-Average Discount Rate - Operating Leases	3.06%	2.85%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024 is as follows:

Year Ending June 30,	Operating Leases
2025	\$ 49,069
2026	5,196
2027	2,606
2028	1,738
Undiscounted Cash Flows	58,609
Less: Imputed Interest	(1,237)
Total Present Value	\$ 57,372
Short-Term Lease Liabilities	\$ (48,218)
Long-Term Lease Liabilities	(9,154)
Total	\$ (57,372)

NOTE 13 SUBSEQUENT EVENTS

Management has evaluated subsequent events through REPORT DATE, the date which the consolidated financial statements were available for issue and has determined that there are no additional adjustments and/or disclosures required.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Catholic Charities of the Diocese of Palm Beach, Inc.
Palm Beach Gardens, Florida

We have audited, in accordance with the 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 of the Diocese of Palm Beach, Inc., which comprise the statement of financial position as of June 30, 2024, and the related consolidated statements of activities, consolidated statement of 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 REPORT DATE.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Catholic Charities of the Diocese of Palm Beach, Inc.'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 Catholic Charities of the Diocese of Palm Beach, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Catholic Charities of the Diocese of Palm Beach, Inc.'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Catholic Charities of the Diocese of Palm Beach, Inc.'s consolidated financial statements are free from 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 consolidated financial statements. 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*.

Catholic Charities of the Diocese of Palm Beach, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Catholic Charities of the Diocese of Palm Beach, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Catholic Charities of the Diocese of Palm Beach, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

CliftonLarsonAllen LLP

Lakeland, Florida
REPORT DATE

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Catholic Charities of the Diocese of Palm Beach, Inc.
Palm Beach Gardens, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Catholic Charities of the Diocese of Palm Beach, Inc.'s 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 Catholic Charities of the Diocese of Palm Beach, Inc.'s major federal programs for the year ended June 30, 2024. Catholic Charities of the Diocese of Palm Beach, Inc.'s major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Catholic Charities of the Diocese of Palm Beach, Inc. complied, in all material respects, with the 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, 2024.

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; 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Catholic Charities of the Diocese of Palm Beach, Inc.'s 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 Catholic Charities of the Diocese of Palm Beach, Inc.'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 Catholic Charities of the Diocese of Palm Beach, Inc.'s federal programs.

Auditors' 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 Catholic Charities of the Diocese of Palm Beach, Inc.'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 Catholic Charities of the Diocese of Palm Beach, Inc.'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 Catholic Charities of the Diocese of Palm Beach, Inc.'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 Catholic Charities of the Diocese of Palm Beach, Inc.'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 Catholic Charities of the Diocese of Palm Beach, Inc.'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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-002 that we consider to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Catholic Charities of the Diocese of Palm Beach, Inc.'s response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Catholic Charities of the Diocese of Palm Beach, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

CliftonLarsonAllen LLP

Lakeland, Florida
REPORT DATE

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Entity Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
FEDERAL AWARDS			
Direct Awards			
Department of Justice			
Services for Trafficking Victims	16.320	2020 - VT-BX-0024	\$ 121,380
Services for Trafficking Victims	16.320	15POVC-23-GK-02725-HT	108,196
Indirect Awards:			
Pass-Through Palm Beach County Victim Services:			
Services for Trafficking Victims	16.320	2019-VT-BX-K029	<u>70,372</u>
Total Assistance Listing Number 16.320			<u>299,948</u>
Indirect Awards:			
Pass-Through Fla Attorney General:			
Crime Victim Assistance	16.575	VOCA-2020-Catholic Charities of the -VC722	<u>47,015</u>
Total Department of Justice			346,963
U.S. Department of Health and Human Services			
Pass-Through Palm Beach County:			
Homeless Challenge Grant	93.558	TANF 2022-2023	124,000
Pass-Through U.S. Conference of Catholic Bishops:			
Refugee and Entrant Assistance Voluntary Agency Programs	93.567	90RV0070-02	314,336
Pass-Through U.S. Conference of Catholic Bishops:			
Trafficking Victim Assistance Program	93.598	2018-ACF-IOAS-OTIP-ZV-1369	83,631
Pass-Through DCF - SEFBHN:			
Community Mental Health Services	93.665	LNF01	<u>142,778</u>
Total U.S. Department of Health and Human Services			664,745
Corporation for National and Community Service			
Indirect Awards:			
Pass-Through - Corporation for National and Community Service AmeriCorps:			
Retired and Senior Volunteer Program	94.002	2021-OPE1-P74-OPO-26000-4101	2,104
Total Corporation for National and Community Service			
U.S. Department of Homeland Security			
Indirect Awards:			
Pass-Through United Way Palm Beach County:			
Emergency Food and Shelter National Board-Phase 40	97.024	168600-002	39,382
Emergency Food and Shelter National Board-Phase 41	97.024	168600-002	80,023
COVID-19:American Rescue Plan Act	97.024	168600-002	76,550
Pass-Through Early Learning Coalition of Martin and Okechobee County:			
Early Learning Coalition of Martin and Okechobee Count	97.024	168600-002	40,000
Pass-Through Treasure Coast Homeless Services Council, Inc.:			
Emergency Food and Shelter National Board-Phase 40	97.024	168600-002	2,467
COVID-19:American Rescue Plan Act	97.024	168600-002	<u>2,106</u>
Total Assistance Listing Number 97.024			<u>240,528</u>
Total U.S. Department of Homeland Security			<u>240,528</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,254,340</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Catholic Charities of the Diocese of Palm Beach, Inc. under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of Catholic Charities of the Diocese of Palm Beach, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Catholic Charities of the Diocese of Palm Beach, Inc.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Catholic Charities of the Diocese of Palm Beach, Inc. has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

Section I – Summary of Auditors’ Results

Consolidated financial statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? yes x none reported
3. Noncompliance material to financial statements noted? yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes x no
 - Significant deficiencies identified? x yes none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
16.320	Services for Trafficking Victims

Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>750,000</u>
Auditee qualified as low-risk auditee?	<u> x </u> yes <u> </u> no

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Section II – Financial Statement Findings

2024-001 Audit Adjustments

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: Proposed audit adjustments resulted in significant changes to account balances which were identified during the audit.

Criteria or specific requirement: Catholic Charities of the Diocese of Palm Beach, Inc.'s management is responsible for establishing and maintain internal controls to ensure transactions are properly recorded and reported in the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Effect: In-kind revenue and expense as of June 30,2024 were understated by approximately \$273,000. Additionally, restricted net assets were understated by approximately \$874,000.

Cause: The in-kind revenue and expense were not properly recorded at year-end. Restricted net assets were also not properly classified as year-end. We also recommend management review net asset balances periodically to determine they reflect the proper balances.

Repeat Finding: Yes

Recommendation: We recommend in-kind revenue and related expense be properly reported as contributions are received.

Views of responsible officials and planned corrective actions: See Corrective Action Plan.

**CATHOLIC CHARITIES OF THE DIOCESE OF PALM BEACH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Section III – Findings and Questioned Costs – Major Federal Programs

2024 – 002 - Matching

Federal Agency: Department of Justice

Program Title: Department of Justice Housing

Assistance Listing Number: 16.320

Award Period: October 1, 2023 – September 30, 2026

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Criteria: 2 CRF 200.305(b)(3) states the Organization only request reimbursement for costs which are paid prior to the date of the reimbursement request.

Condition: CLA reviewed 5 of 12 months' worth of reimbursement requests and noted that the match reported on the February 2024 reimbursement request was not calculated correctly. The individual employee matches were calculated correctly, but during preparation of the reimbursement request, the wrong number was brought into the reimbursement request due to what appears to be human error. Match reported for February 2024 was \$5,685.40, but actual match should have been \$1,385.56. This resulted in an overstatement of the match by \$4,300.84. Since the match portion is not reimbursed to CCDPB, questioned costs are zero.

Questioned costs: None

Context: The sample of five reimbursement requests included reimbursement requests from different periods during the grant, inside the fiscal year.

Cause: The inaccurate completion of the reimbursement requests.

Repeat finding: No

Recommendation: We recommend reimbursement requests be reviewed and traced back to supporting documentation prior to the filing of the reimbursement request.

Views of responsible officials and planned corrective actions: No disagreement.