

**CATHOLIC CHARITIES OF THE
ARCHDIOCESE OF MIAMI, INC.**

FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Catholic Charities of the Archdiocese of Miami, Inc.
Wilton Manors, Florida

Opinion

We have audited the accompanying financial statements of Catholic Charities of the Archdiocese of Miami, Inc. ("Catholic Charities") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Catholic Charities as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Catholic Charities and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 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 financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Catholic Charities' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Catholic Charities' ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650 Rules of the Auditor General of the State of Florida, the schedules of state earnings, cost center actual expenses and revenues as required by the Florida Department of Children and Families (the “Department”), Guide to Performance Contracting for Alcohol, Drug Abuse and Mental Health Services, and the schedule of United Way Allocations are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2023, on our consideration of Catholic Charities’ internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Catholic Charities’ internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Catholic Charities’ internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
October 13, 2023

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
ASSETS		
Cash and cash equivalents, partially restricted	\$ 9,672,248	\$ 10,583,215
Cash held at the Archdiocese of Miami, partially restricted	3,018,573	749,961
Accounts receivable, net of allowance of \$55,655 and \$63,910		
Grants	4,330,112	4,717,118
Other	325,340	62,311
Prepaid expenses and other assets	49,443	56,014
Investments, including endowments	6,070,862	5,763,258
Right-of-use asset - operating	30,533	-
Property and equipment, net of accumulated depreciation of \$16,566,479 and \$15,879,737	14,241,769	14,995,917
TOTAL ASSETS	<u>\$ 37,738,880</u>	<u>\$ 36,927,794</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,027,489	\$ 747,744
Deferred revenue	529,068	598,638
Security deposit held	20,000	8,000
Refundable advance	105,000	105,000
Right-of-use liability - operating	30,533	-
TOTAL LIABILITIES	<u>1,712,090</u>	<u>1,459,382</u>
NET ASSETS		
Without donor restrictions	29,655,027	28,570,208
With donor restrictions	6,371,763	6,898,204
TOTAL NET ASSETS	<u>36,026,790</u>	<u>35,468,412</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 37,738,880</u>	<u>\$ 36,927,794</u>

The accompanying notes are an integral part of these financial statements.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions		Total
		Other Donor Restricted Funds	Gifts Restricted in Perpetuity	
REVENUE AND SUPPORT				
Contributions, foundations, trusts and bequests	\$ 756,178	\$ 404,646	\$ 32,801	\$ 1,193,625
United Way	243,081	-	-	243,081
Contributed facilities, goods and services	5,893,143	-	-	5,893,143
Grants from government agencies and others	28,832,334	232,031	-	29,064,365
Program service fees	339,241	-	-	339,241
Other income	7,868	-	-	7,868
Net assets released from restrictions:				
Satisfaction of program restrictions	1,758,321	(1,758,321)	-	-
TOTAL REVENUE AND SUPPORT	37,830,166	(1,121,644)	32,801	36,741,323
EXPENSES				
Program Services:				
Community Based Services	14,615,827	-	-	14,615,827
Child Development Services	17,343,913	-	-	17,343,913
Ministries	23,363	-	-	23,363
Supporting Activities:				
General and Administrative	4,780,817	-	-	4,780,817
TOTAL EXPENSES	36,763,920	-	-	36,763,920
CHANGE IN NET ASSETS, before non operating activities	1,066,246	(1,121,644)	32,801	(22,597)
Investment gain, net of fees	18,573	562,402	-	580,975
TOTAL NON OPERATING ACTIVITIES	18,573	562,402	-	580,975
CHANGE IN NET ASSETS, after non operating activities	1,084,819	(559,242)	32,801	558,378
NET ASSETS - Beginning of year	28,570,208	1,349,613	5,548,591	35,468,412
NET ASSETS - End of year	\$ 29,655,027	\$ 790,371	\$ 5,581,392	\$ 36,026,790

The accompanying notes are an integral part of these financial statements.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions		Total
		Other Donor Restricted Funds	Gifts Restricted in Perpetuity	
REVENUE AND SUPPORT				
Contributions, foundations, trusts and bequests	\$ 944,130	\$ 462,495	\$ -	\$ 1,406,625
United Way	272,506	30,000	-	302,506
Contributed facilities, goods and services	4,087,291	-	-	4,087,291
Grants from government agencies	25,298,066	58,049	-	25,356,115
Program service fees	34,439	-	-	34,439
Other income	16,692	1,911	-	18,603
Net assets released from restrictions:				
Satisfaction of program restrictions	2,327,531	(3,104,123)	776,592	-
TOTAL REVENUE AND SUPPORT	32,980,655	(2,551,668)	776,592	31,205,579
EXPENSES				
Program Services:				
Community based services	12,061,991	-	-	12,061,991
Child development services	15,106,509	-	-	15,106,509
Ministries	72,657	-	-	72,657
Supporting Activities:				
General and Administrative	4,389,952	-	-	4,389,952
TOTAL EXPENSES	31,631,109	-	-	31,631,109
CHANGE IN NET ASSETS, before non operating activities	1,349,546	(2,551,668)	776,592	(425,530)
Forgiveness of PPP loan	1,179,207	-	-	1,179,207
Investment loss, net of fees	-	(1,033,933)	-	(1,033,933)
TOTAL NON OPERATING ACTIVITIES	1,179,207	(1,033,933)	-	145,274
CHANGE IN NET ASSETS, after non operating activities	2,528,753	(3,585,601)	776,592	(280,256)
NET ASSETS - Beginning of year	26,041,455	4,935,214	4,771,999	35,748,668
NET ASSETS - End of year	<u>\$ 28,570,208</u>	<u>\$ 1,349,613</u>	<u>\$ 5,548,591</u>	<u>\$ 35,468,412</u>

The accompanying notes are an integral part of these financial statements.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 558,378	\$ (280,256)
Adjustment to reconcile change in net cash provided by operating activities:		
Depreciation expense	1,366,319	912,601
Reduction of right-of-use asset	4,741	-
Loss on disposal of fixed assets	297,281	7,715
Unrealized/realized (gain) loss on investments	(472,306)	1,070,633
Gain on fair value of contribution trust receivable	-	(1,911)
Reduction of allowance for doubtful accounts	(8,255)	(8,222)
Forgiveness of PPP loan	-	(1,179,207)
(Increase) Decrease in assets:		
Accounts receivable	132,232	337,430
Contribution receivable from trust	-	776,592
Prepaid expenses and other assets	6,571	19,387
Increase (Decrease) in liabilities:		
Accounts payable and accrued expenses	279,745	(459,541)
Security deposit held	12,000	8,000
Deferred revenue	(69,570)	323,367
Change in lease obligation	(4,741)	-
Total adjustments	1,544,017	1,806,844
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,102,395	1,526,588
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (purchase) proceeds of investments	164,702	(533,517)
Purchase of property and equipment	(909,452)	(1,968,747)
NET CASH USED IN INVESTING ACTIVITIES	(744,750)	(2,502,264)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of note payable	-	(1,277,173)
NET CASH USED IN FINANCING ACTIVITIES	-	(1,277,173)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,357,645	(2,252,849)
CASH AND CASH EQUIVALENTS - Beginning of year	11,333,176	13,586,025
CASH AND CASH EQUIVALENTS - End of year	\$ 12,690,821	\$ 11,333,176
Cash and cash equivalents	\$ 9,672,248	\$ 10,583,215
Cash held at the Archdiocese of Miami	3,018,573	749,961
	\$ 12,690,821	\$ 11,333,176

Non-Cash activities:

Due to the implementation of FASB ASU 2016-02 - Leases (Topic 842), a right-of-use asset and lease liability were recognized during 2023 fiscal year, resulting in the following non-cash adjustments.

Initial right-of-use asset	\$ 35,274
Initial lease liability	\$ 35,274

The accompanying notes are an integral part of these financial statements.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Community Based Services	Child Development Services	Ministries	Total Program Services	General and Administrative	Total
Personnel Expenses:						
Salaries and payroll taxes	\$ 5,554,373	\$ 7,992,750	\$ 20,559	\$ 13,567,682	\$ 2,499,610	\$ 16,067,292
Temporary employees	127,239	10,419	-	137,658	-	137,658
Pension and health insurance benefits	563,387	1,001,865	1,123	1,566,375	278,166	1,844,541
Total Personnel Expenses	<u>6,244,999</u>	<u>9,005,034</u>	<u>21,682</u>	<u>15,271,715</u>	<u>2,777,776</u>	<u>18,049,491</u>
Specific assistance	3,205,909	1,262,057	-	4,467,966	437,033	4,904,999
Conferences, meetings and dues	47,135	44,216	-	91,351	32,324	123,675
Insurance	428,013	256,595	-	684,608	24,833	709,441
Professional fees	77,491	24,587	-	102,078	277,401	379,479
Rent and utilities	530,374	480,990	-	1,011,364	23,276	1,034,640
In-kind expenses	1,502,006	4,236,338	-	5,738,344	154,799	5,893,143
Repairs and maintenance	839,053	914,693	-	1,753,746	87,021	1,840,767
Supplies	203,699	488,211	-	691,910	38,502	730,412
Telephone	177,037	85,118	652	262,807	56,021	318,828
Transportation	129,792	21,308	662	151,762	107,834	259,596
Interest and fees	3,154	1,533	-	4,687	1,458	6,145
Miscellaneous	417,549	149,593	-	567,142	579,843	1,146,985
	<u>7,561,212</u>	<u>7,965,239</u>	<u>1,314</u>	<u>15,527,765</u>	<u>1,820,345</u>	<u>17,348,110</u>
Total expenses before depreciation	13,806,211	16,970,273	22,996	30,799,480	4,598,121	35,397,601
Depreciation	<u>809,616</u>	<u>373,640</u>	<u>367</u>	<u>1,183,623</u>	<u>182,696</u>	<u>1,366,319</u>
Total Expenses	<u>\$ 14,615,827</u>	<u>\$ 17,343,913</u>	<u>\$ 23,363</u>	<u>\$ 31,983,103</u>	<u>\$ 4,780,817</u>	<u>\$ 36,763,920</u>

The accompanying notes are an integral part of these financial statements.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Community Based Services	Child Development Services	Ministries	Total Program Services	General and Administrative	Total
Personnel Expenses:						
Salaries and payroll taxes	\$ 4,971,476	\$ 6,998,912	\$ 58,198	\$ 12,028,586	\$ 2,133,819	\$ 14,162,405
Temporary employees	77,610	7,083	-	84,693	-	84,693
Pension and health insurance benefits	585,850	1,045,463	4,101	1,635,414	274,077	1,909,491
Total Personnel Expenses	<u>5,634,936</u>	<u>8,051,458</u>	<u>62,299</u>	<u>13,748,693</u>	<u>2,407,896</u>	<u>16,156,589</u>
Specific assistance	2,905,614	1,142,472	-	4,048,086	525,590	4,573,676
Conferences, meetings and dues	33,700	43,163	-	76,863	35,927	112,790
Insurance	403,790	244,280	-	648,070	25,538	673,608
Professional fees	121,895	16,850	-	138,745	213,559	352,304
Rent and utilities	539,355	437,555	8,000	984,910	38,840	1,023,750
In-kind expenses	998,395	2,950,221	-	3,948,616	138,675	4,087,291
Repairs and maintenance	534,784	1,229,147	-	1,763,931	41,054	1,804,985
Supplies	175,675	366,466	-	542,141	55,862	598,003
Telephone	159,397	100,233	520	260,150	62,625	322,775
Transportation	84,906	14,445	1,471	100,822	97,238	198,060
Interest and fees	1,820	520	-	2,340	19,402	21,742
Miscellaneous	101,342	148,960	-	250,302	542,633	792,935
	<u>6,060,673</u>	<u>6,694,312</u>	<u>9,991</u>	<u>12,764,976</u>	<u>1,796,943</u>	<u>14,561,919</u>
Total expenses before depreciation	11,695,609	14,745,770	72,290	26,513,669	4,204,839	30,718,508
Depreciation	<u>366,382</u>	<u>360,739</u>	<u>367</u>	<u>727,488</u>	<u>185,113</u>	<u>912,601</u>
Total Expenses	<u>\$ 12,061,991</u>	<u>\$ 15,106,509</u>	<u>\$ 72,657</u>	<u>\$ 27,241,157</u>	<u>\$ 4,389,952</u>	<u>\$ 31,631,109</u>

The accompanying notes are an integral part of these financial statements.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

Catholic Charities of the Archdiocese of Miami, Inc. (“Catholic Charities”) was organized under the laws of the state of Florida on October 31, 1967, as a nonprofit corporation with the purpose of meeting the ever changing needs of the communities of Broward, Miami-Dade and Monroe counties of Florida. Catholic Charities operates under the sponsorship of the Archbishop of the Archdiocese of Miami (the “Archdiocese”).

Catholic Charities provides the following services in three counties and in 25 separate locations:

Child Development Services – Through six Child Development Centers in Miami-Dade County, Catholic Charities offers safe and nurturing environments where children can thrive academically and socially. The Head Start, Early Head Start and VPK pre-school programs equip the children and their families with high quality educational and social resources so they can achieve their fullest potential.

Community Based Services – Throughout the tri-county area, Catholic Charities provides services such as: alcohol and substance abuse services, counseling and family services, elderly services, homeless prevention and rapid re-housing services, and immigrants and refugee services. Within these groups, various services are offered which include but are not limited to: acculturation, legal, employment, case management, parenting skills and education, medical, mental health, foster care, emergency housing and cash assistance.

Ministries – The Catholic Charities Monroe Ministries assist the five parishes and Deanery to build upon its efforts to uphold human dignity and to reach out in mercy, service and justice to our most vulnerable people. Emphasis is placed on the formation, education and the empowerment of parishes and the community, as we together, develop ministries in response to needs, and social injustice.

As of February 2008, Catholic Charities obtained control of the Catholic Charities Endowment Trust (the “Trust”) through its control of the governing board of the Trust. During the year ended June 30, 2013, the financial statements of Catholic Charities were consolidated with the Trust. At the request of the Corporate Members of Catholic Charities of the Archdiocese of Miami, Inc., the Trust’s endowment investments were liquidated and transferred to the Catholic Community Foundation in the Archdiocese of Miami, Inc. (the “Foundation”) for the benefit of Catholic Charities. For the years ended June 30, 2023 and 2022, these investments are included in these financial statements and they are to be invested and managed by the Foundation in accordance with its investment policies and practices.

Basis of Presentation

Catholic Charities prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and with standards established by the Financial Accounting Standards Board (“FASB”) for external financial reporting by not-for-profit organizations. Accordingly, Catholic Charities’ resources are classified and reported based upon the existence or absence of donor-imposed restrictions, as follows:

Net assets without donor restriction – include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Changes in net assets arising from exchange transactions (except income and gains on assets that are restricted by donors or by law) are included in the net assets without donor restriction class. Net assets without donor restrictions include board designated net assets held in cash of \$1,649,607 and \$1,241,878 as of June 30, 2023 and 2022, respectively, and are to be used to provide counseling services.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Net assets with donor restriction – include those net assets whose use by Catholic Charities has been limited by donor imposed stipulations that either expire by the passage of time or can be fulfilled by expending the funds for their restricted purpose. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with the investment return available for operations. Net assets with donor restrictions totaled \$6,371,763 and \$6,898,204 as of June 30, 2023 and 2022, respectively. See Note 12.

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Appreciation or depreciation in the fair value of investments and gains and losses on other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless otherwise restricted by explicit donor stipulation or by law. Expirations of time or purpose restrictions on net assets are reported as net assets released from restrictions. Grants from government agencies are recognized as revenue when the grant funds have been expended or the service has been provided in accordance with the grant provisions.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Unconditional promises to give are recorded at their net realizable value if they are expected to be collected within one year or at fair value, which is measured using the present value of future cash flows, if they are expected to be collected over periods longer than one year. Catholic Charities has been notified of certain intentions to give under various wills and trusts. Catholic Charities' share of such bequests is recorded when Catholic Charities has an irrevocable right to the bequest and the proceeds are measurable. Contributions of assets other than cash are recorded at their estimated fair value at date of donation. Contributions to be received after one year are discounted using a risk-adjusted rate of return. Amortization of discounts is recorded as additional contribution revenue reflecting donor-imposed restrictions, if any. An allowance for uncollectible contributions receivable is provided based upon management's judgment after considering prior collection history, type of contribution and nature of fundraising activity.

Deferred Revenue

Deferred revenue consists of payments received from grant funding agencies, foundations, or donors in advance of the start of the program or of the specific grant obligations being satisfied. Such amounts are recorded as revenues when the related services are performed, or obligations are satisfied.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Catholic Charities considers all cash in banks and highly liquid investments with original maturities of three months or less to be cash and cash equivalents. Catholic Charities maintains its cash and cash equivalents with high credit quality financial institutions and with the Archdiocese, and at times, balances may exceed federally insured limits. Amounts exceeding federally insured limits at June 30, 2023 and 2022 totaled \$12,602,907 and \$11,988,665, respectively. Catholic Charities has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Cash

Restricted cash is primarily composed of amounts held with respect to disaster relief programs, the Day 1 Families Fund and other donor restricted purposes. Restricted cash at June 30, 2023 and 2022 was \$300,901 and \$1,134,946, respectively.

Accounts Receivable

Accounts receivable consist primarily of amounts due from governmental entities under Catholic Charities' grant agreements. Accounts receivable are stated at estimated net realizable value. The allowance for doubtful accounts was \$55,655 and \$63,910 for the years ended June 30, 2023 and 2022, respectively.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets with donor restrictions in the reporting period in which the income and gains are recognized and then released if the restrictions are met (either by passage of time or by use).

Property and Equipment

Property, equipment and leasehold improvements purchased for a value greater than \$500, and with depreciable lives greater than one year, are stated at cost net of depreciation. Donations of property, equipment or leasehold improvements are recorded as contributions at their estimated fair value at the date of the donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations, Catholic Charities reports the assets as without donor restrictions. Upon disposal of fixed assets, the costs and accumulated depreciation are removed from the accounts, and the resulting gain or loss, if any, is included within non-operating activities in the accompanying statement of activities and changes in net assets.

Depreciation is calculated using the straight-line method over the estimated useful lives of the fixed assets ranging from 3 to 20 years.

Concentrations

Catholic Charities is supported primarily through grants from federal, state and local government funding. Catholic Charities received approximately 79% and 81% of total operating revenues and support from federal, state and local government grants for each of the years ended June 30, 2023 and 2022, respectively.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Expenses Allocation

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, costs have been allocated among the program and supporting services benefited. The expenses that are allocated are personnel expenses, which are allocated on the basis of estimates of time and effort; facilities and interest expenses and depreciation, which are allocated on a weighted-average square footage basis; and supplies and contracted services, which are allocated based on actual expenses incurred for each function.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

Catholic Charities is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Catholic Charities’ tax-exempt purpose can be subject to taxation as unrelated business income. In addition, Catholic Charities qualified for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation member under Section 509(a)(1). As of June 30, 2023, the tax years that remain subject to examination by taxing authorities are for the years 2019 through 2022.

Subsequent Events

Catholic Charities has evaluated subsequent events through October 13, 2023, which is the date the financial statements were available to be issued.

NOTE 2 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at June 30, 2023 and 2022, respectively:

	2023	2022
Governmental and other entities	\$ 4,385,767	\$ 4,781,028
Other receivables	325,340	62,311
Less allowance for uncollectible accounts	(55,655)	(63,910)
Total	<u>\$ 4,655,452</u>	<u>\$ 4,779,429</u>

NOTE 3 – FAIR VALUE MEASUREMENTS

Catholic Charities reports its fair value measures using a fair value hierarchy defined by generally accepted accounting principles that prioritizes the inputs to valuation techniques used to measure 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 under generally accepted accounting principles are:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, assets or liabilities without restrictions;

Level 2 – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (that is, inputs supported by little or no market activity).

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Cash, money market and certificates of deposit: Cash, money market and certificates of deposit with an original maturity of three months or less are valued at their face amount because of the short length of time to maturity.

U.S. government bonds, equities and corporate fixed income: Valued at the closing price reported on the active market on which the individual securities are traded.

The fair value of the contribution receivable from an irrevocable trust is estimated as the present value of expected future cash inflows.

The fair values of Catholic Charities’ assets measured on a recurring basis at June 30, 2023, are as follows:

Assets	Fair Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and money market	\$ 70,422	\$ -	\$ 70,422	\$ -
Mutual Funds:				
Domestic Equity	2,542,477	-	2,542,477	-
International Equity	1,201,424	-	1,201,424	-
Fixed income investments	2,256,539	-	2,256,539	-
	<u>\$ 6,070,862</u>	<u>\$ -</u>	<u>\$ 6,070,862</u>	<u>\$ -</u>

As indicated in Note 1, the investments were liquidated and transferred to the Catholic Community Foundation in the Archdiocese of Miami, Inc. (the “Foundation”). The investments have been identified as level 2 in these financial statements since Catholic Charities has a unit percentage interest in the pooled funds of the Foundation.

The Foundation has established the following asset allocation policy:

Asset Class	Allocation Range		
	Low	Target	High
Cash	0%	1%	5%
Fixed Income	35%	39%	45%
Domestic Equities	30%	40%	45%
International Equities	15%	20%	25%

As per the Foundation’s investment policy, the asset allocation of the alternative investment asset class is incorporated into the equity or fixed income asset class range as per their purpose in being added to the portfolio. At times, market conditions may cause the Foundation investment in various asset classes to vary from the established allocation. If the actual weighing is outside the asset allocation range, the Foundation will rebalance the portfolio to be within the allocation range.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

The fair values of Catholic Charities’ assets measured on a recurring basis at June 30, 2022, are as follows:

Assets	Fair Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and money market	\$ 100,577	\$ -	\$ 100,577	\$ -
Mutual Funds:				
Domestic Equity	2,219,990	-	2,219,990	-
International Equity	1,129,117	-	1,129,117	-
Fixed income investments	2,313,574	-	2,313,574	-
	<u>\$ 5,763,258</u>	<u>\$ -</u>	<u>\$ 5,763,258</u>	<u>\$ -</u>

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

Contribution receivable-charitable remainder trust	2023	2022
Beginning Balance	\$ -	\$ 774,681
Change in value of split-interest agreement	-	1,911
Transfer to endowment	-	(776,592)
Ending Balance	<u>\$ -</u>	<u>\$ -</u>

The change in value of the split-interest agreement of \$0 and \$1,911 for the years ended 2023 and 2022, respectively, are attributed to the revaluation of the contribution receivable-charitable remainder trust based on applicable mortality tables and current market condition and is included in the change in net assets with donor restrictions. During the year ended June 30, 2022, the Trust was terminated and transferred to Catholic Charities’ endowment. See Note 13.

Investments reported at fair value consist of the following at June 30, 2023 and 2022, respectively:

	2023	2022
Equity investments	\$ 3,743,901	\$ 3,349,107
Fixed income	2,256,539	2,313,574
Cash and money market	70,422	100,577
	<u>\$ 6,070,862</u>	<u>\$ 5,763,258</u>

Investment income with respect to the endowment is reported in the statement of activities as follows:

	2023	2022
Interest and dividends, net	\$ 90,096	\$ 36,700
Unrealized/realized (loss) gains	472,306	(1,070,633)
	<u>\$ 562,402</u>	<u>\$ (1,033,933)</u>

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 5 – CONTRIBUTION RECEIVABLE FROM TRUST

Boystown of Florida, a program of Catholic Charities, is the beneficiary of the John A. Shubert Charitable Trust, (the “Trust”), an irrevocable trust. The irrevocable trust is administered by a trustee according to the terms of the Indenture of Trust. The terms of the agreement provides that the beneficiary receive the net income of the Trust annually through termination of the Trust. The agreement also provides that the trustee shall be reimbursed for reasonable expenses incurred in the management and protection of the Trust. Upon termination of the agreement, based on the above provisions, the beneficiary will receive the assets remaining in the Trust. The balance in the Trust at June 30, 2021 was \$774,681. During the year ended June 30, 2022, the Trust terminated and the assets, which totaled \$776,592 at the time, were transferred to Catholic Charities’ permanently restricted endowment in accordance with the terms of the Trust. See Note 13.

NOTE 6 – PROPERTY AND EQUIPMENT

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

	2023	2022
Leasehold improvements	\$ 4,984,481	\$ 5,013,209
Building and improvements	18,110,936	18,686,522
Furniture, computers and equipment	6,093,437	5,904,709
Vehicles	104,369	104,369
Construction in progress	1,515,025	1,166,845
	<u>30,808,248</u>	<u>30,875,654</u>
Less: Accumulated depreciation	(16,566,479)	(15,879,737)
Property and equipment, net	<u>\$ 14,241,769</u>	<u>\$ 14,995,917</u>

A substantial portion of Catholic Charities’ buildings and improvements are located on properties owned by the Archdiocese. Therefore, Catholic Charities’ investment in such buildings and improvements may be adversely affected should the Archdiocese decide to change the use of these properties. The Archdiocese has a long-term commitment for the continuance of Catholic Charities’ activities.

A portion of Catholic Charities’ property and equipment has been acquired with grant funds. Although many grantor agencies reserve the right to request the assets be returned, Catholic Charities has capitalized the assets since it is probable that they will be allowed to keep them or most likely will use the assets until fully depreciated. See Note 11.

For the years ended June 30, 2023 and 2022, depreciation expense was \$1,366,319 and \$912,601, respectively.

NOTE 7 – NOTE PAYABLE

In April 2020, Catholic Charities received loan proceeds of \$2,456,380 from a financial institution through the Paycheck Protection Program (“PPP”). Under the terms of the PPP, the Small Business Administration (SBA) will forgive up to 100% of the proceeds received if eligibility and other criteria are met related to use of the funds. The portion of the proceeds received that is not forgiven, if any, is converted to an unsecured term note payable. Catholic Charities applied for forgiveness with the lender on July 2, 2021 and received notification from the financial institution on September 15, 2021 that forgiveness was approved for a total of \$1,194,766 (including interest). Accordingly, the amount of loan forgiveness was reported as income in the statement of activities during the year ended June 30, 2022. The unforgiven portion of the loan proceeds, totaling \$1,277,173, was paid in full in one installment of principal and interest of \$18,377 on September 22, 2021. The entire balance remaining was paid during the fiscal year ended June 30, 2022.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 8 – FISCAL AGENT RELATIONSHIP

Catholic Charities serves as the fiscal agent for Catholic Charities of Florida (“CCF”) to accept and administer grant funds to other organizations as specified by CCF. The amounts undisbursed and held for others are recorded as an asset and liability on the statement of financial position. There were no amounts held as of June 30, 2023 and 2022, respectively.

NOTE 9 – RELATED PARTIES

Archdiocese of Miami – Catholic Charities receives its charter and by-laws via the Archbishop and the Archdiocese of Miami. Catholic Charities and the Archdiocese have some mutual board members, including certain managers of the Archbishop that also serve on the board. Catholic Charities participates in certain benefit plans of the Archdiocese. See Note 10. In addition, during the years ended June 30, 2023 and 2022, Catholic Charities received donated rental facilities from the Archdiocese of Miami of \$3,684,669 and \$2,922,487, respectively. See Note 14.

Catholic Charities is a designated beneficiary of the distributable income of an endowment from the Archdiocese of Miami Millennium Appeal, Inc. d/b/a Vision 2000. These funds are held in trust at the Catholic Community Foundation in the Archdiocese of Miami, Inc. The fair value of the funds at June 30, 2023 and 2022, was \$8,189,763 and \$7,852,853, respectively. Catholic Charities is scheduled to receive 5% of the rolling 3-year average of the fair market value of the funds on an annual basis. For the years ended June 30, 2023 and 2022, Catholic Charities received \$426,053 and \$431,367, respectively from the fund. These amounts received have been included as contributions in the Statement of Activities.

During the year ended June 30, 2019, Catholic Charities received a donor restricted grant award of \$5,000,000 to support family homelessness, referred to as the “Day 1 Families Fund”. The portion of the award that had not been spent or released from restriction as of June 30, 2022 totaled \$741,618, of which \$625,000 was held at the Archdiocese of Miami. The balance was fully spent and released from restriction during the year ended June 30, 2023. See Note 12.

NOTE 10 – EMPLOYEE BENEFIT PLANS

Catholic Charities participates in the health and welfare plan and the retirement plan (the “Plan”) sponsored by the Archdiocese. Employees must meet certain eligibility requirements to participate in the plans. Since the computed value of vested benefits and plan assets for employees of Catholic Charities 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 Catholic Charities.

Payments to the Plan and the health and welfare plan for the years ended June 30, 2023 and 2022, were as follows:

	2023	2022
Retirement plan	\$ 791,640	\$ 798,780
Health and welfare plan and other	\$ 1,052,901	\$ 1,110,711

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Catholic Charities determines if an arrangement is a lease at inception and when the terms of an existing contract are changed. All leases are recorded on the balance sheet except for leases with an initial term less than 12 months for which Catholic Charities made the short-term lease election.

Lease right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term discounted using the rate implicit on the lease (if available) or Catholic Charities' average incremental borrowing rate. Operating lease ROU assets are presented separately on the balance sheet. Operating lease cost is recognized on a straight-line basis over the lease term and is included within operating expenses in the statement of activities and changes in net assets.

Short Term Operating Leases

Catholic Charities conducts certain operations in leased facilities or uses equipment under operating leases expiring at various times with varying renewal options. Catholic Charities entered into a lease agreement for a facility on a month to month basis. Usage fee and security increase annually on October 1 of each year by 3%.

Additionally, Catholic Charities entered into a separate lease agreement for a facility in October 2022. The lease term is for one year with payments of \$8,372 per month.

Long Term Operating Leases

In February 2023 Catholic Charities entered into another lease for the use of a vehicle. The lease term is for three years with payments of \$1,043 per month.

The following table shows the right-of-use assets and lease liabilities as of June 30, 2023:

<u>Lease-Related Assets and Liabilities</u>	<u>Financial Statement Line Items</u>	
Right-of-use assets:		
Operating leases	Other assets	\$ 30,533
Total right-of-use assets		<u>\$ 30,533</u>
Lease liabilities:		
Operating Leases	Current liabilities	\$ 12,513
Operating Leases	Noncurrent liabilities	18,020
Total lease liabilities		<u>\$ 30,533</u>

Future minimum payments under operating leases with long-term term payment arrangements at June 30, 2023, are as follows:

	<u>Operating Leases</u>
2024	\$ 12,513
2025	12,513
2026	<u>7,299</u>
Undiscounted liabilities	32,325
Less: Imputed interest	<u>(1,792)</u>
	<u>\$ 30,533</u>

Support from Outside Agencies

Financial awards from federal, state and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against Catholic Charities for disallowed costs or noncompliance with grantor restrictions.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 11 – COMMITMENTS AND CONTINGENCIES (Continued)

Support from Outside Agencies (Continued)

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.

Construction

Catholic Charities is expanding two of their Early Head Start centers, as approved and funded by the federal Early Head Start program. Construction in progress totaling \$1,154,626 and \$1,154,626 has been capitalized for this project as of June 30, 2023 and 2022, respectively.

In addition, Catholic Charities previously entered into a construction contract in Key West, FL for the construction of 37 new units of affordable workforce housing and the renovation of 10 existing affordable housing units. The construction of the 37 units of affordable workforce housing was completed during the year ended June 30, 2022. A total of \$8,864,932 was transferred from construction in progress to buildings and was depreciated.

Construction in progress totaling \$360,399 and \$12,219 has been capitalized for this project as of June 30, 2023 and 2022, respectively. The Early Head Start projects and the renovation of the 10 existing affordable housing units for the Key West project are expected to be completed by the year ended June 20, 2025.

NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted to the following purposes or time periods as of June 30, 2023 and 2022:

	2023	2022
Day 1 Families Fund	\$ -	\$ 741,608
Disaster response	300,901	393,338
Endowment held in perpetuity	5,581,392	5,548,591
Endowment accumulated earnings	489,470	214,667
	<u>\$ 6,371,763</u>	<u>\$ 6,898,204</u>

Net assets with donor restrictions are held as follows as of June 30, 2023 and 2022:

	2023	2022
Cash and cash equivalents	\$ 300,901	\$ 509,946
Cash held at Archdiocese of Miami	-	625,000
Endowment investments	6,070,862	5,763,258
	<u>\$ 6,371,763</u>	<u>\$ 6,898,204</u>

NOTE 13 – ENDOWMENT

Catholic Charities' endowment consists of individual funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretations of Relevant Law

The Board has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 13 – ENDOWMENT (Continued)

Interpretations of Relevant Law (Continued)

As a result of this interpretation, Catholic Charities classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not the value of the original gifts to the permanent endowment is classified as net assets with donor restrictions maintained as such for appropriation for expenditure by Catholic Charities in a manner consistent with the standard of prudence prescribed by FUPMIFA and donors' restrictions on use.

In accordance with FUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Foundation and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the organization.
7. The investment policies of the organization.

Endowment net assets at June 30, 2023, consisted of the following:

	June 30, 2023		
	With donor restrictions		
	Accumulated Earnings and Other	Gifts Restricted in Perpetuity	Total
Donor-restricted endowment funds	\$ 489,470	\$ 5,581,392	\$ 6,070,862
	<u>\$ 489,470</u>	<u>\$ 5,581,392</u>	<u>\$ 6,070,862</u>

Changes in endowment net assets for the year ended June 30, 2023, were as follows:

	June 30, 2023		
	With donor restrictions		
	Accumulated Earnings and Other	Gifts Restricted in Perpetuity	Total
Endowment net assets, beginning of year	\$ 214,667	\$ 5,548,591	\$ 5,763,258
Investment income, net of fees	90,096	-	90,096
Net appreciation (realized and unrealized)	472,306	-	472,306
Total investment return	562,402	-	562,402
Contributions	-	32,801	32,801
Distributions	(287,599)	-	(287,599)
Endowment net assets, end of year	<u>\$ 489,470</u>	<u>\$ 5,581,392</u>	<u>\$ 6,070,862</u>

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 13 – ENDOWMENT (Continued)

Endowment net assets at June 30, 2022, consisted of the following:

	June 30, 2022		
	With Donor Restrictions		
	Accumulated Earnings and Other	Gifts Restricted in Perpetuity	Total
Donor-restricted endowment funds	\$ 214,667	\$ 5,548,591	\$ 5,763,258
	<u>\$ 214,667</u>	<u>\$ 5,548,591</u>	<u>\$ 5,763,258</u>

Changes in endowment net assets for the year ended June 30, 2022, were as follows:

	June 30, 2022		
	With Donor Restrictions		
	Accumulated Earnings and Other	Gifts Restricted in Perpetuity	Total
Endowment net assets, beginning of year	\$ 1,528,375	\$ 4,771,999	\$ 6,300,374
Investment income, net of fees	36,700	-	36,700
Net depreciation (realized and unrealized)	(1,070,633)	-	(1,070,633)
Total investment return	(1,033,933)	-	(1,033,933)
Transfer from trust	-	776,592	776,592
Distributions	(279,775)	-	(279,775)
Endowment net assets, end of year	<u>\$ 214,667</u>	<u>\$ 5,548,591</u>	<u>\$ 5,763,258</u>

Return Objectives and Parameters

Catholic Charities has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to produce certain returns while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, Catholic Charities relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Catholic Charities targets a diversified asset allocation that includes equity investments, fixed income, U.S. government and corporate bonds, certificates of deposits and cash using prudent risk constraints.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 13 – ENDOWMENT (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

Catholic Charities has a policy of appropriating for distribution each year an amount based on the income of the investment. In establishing this policy, Catholic Charities considered the long-term expected return on its endowment. Accordingly, over the long term, the organization expects the current spending policy to allow its endowment to grow at an annual rate equal to or greater than the consumer price index. This is consistent with the organization’s objective to maintain purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or FUPMIFA requires Catholic Charities to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of June 30, 2023.

NOTE 14 – CONTRIBUTED NON-FINANCIAL ASSETS

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the statement of activities included:

	2023	2022
Facility use	\$ 3,684,669	\$ 2,922,487
Services	2,208,474	1,164,804
	<u>\$ 5,893,143</u>	<u>\$ 4,087,291</u>

Facility use

Catholic Charities receives the use of donated facilities for its program operations and supporting services (see Note 9) and recognizes contributed facilities revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. Fair value is estimated using the average price per square foot of rental listings in the service area. Amounts recognized are allocated among program and supporting services based upon the square footage occupied.

Services

The Organization receives in-kind contributions of time and pro bono services from members of the community and volunteers related to program operations, special events, and fund-raising campaigns. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 15 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Catholic Charities monitors its liquidity so that it is able to meet its operating needs while maximizing the investment of its excess operating cash. Catholic Charities has the following financial assets that could be made readily available within one year of the statement of financial position date to fund operating expenses without limitation, such as donor-imposed or contractual restrictions or internal designations, as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 9,672,248	\$ 10,583,215
Cash held at Archdiocese of Miami	3,018,573	749,961
Accounts receivable	4,655,452	4,779,429
Less those unavailable for general expenditures within one year as follows:		
Restricted cash	(300,901)	(1,134,946)
Board designated for counseling services	(1,649,607)	(1,241,878)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 15,395,765</u>	<u>\$ 13,735,781</u>

SUPPLEMENTARY INFORMATION

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
UNITED WAY ALLOCATIONS
FOR THE YEAR ENDED JUNE 30, 2023

UNITED WAY OF MIAMI-DADE COUNTY

Miami-Dade Area Programs:

Centro Hispano Child Development Center	\$ 67,154
Notre Dame Child Care Center	56,670
Sagrada Familia Child Development Center	33,437
Services for the Elderly - Nutrition and Social Support	<u>69,630</u>
Total Miami-Dade Area Programs	<u>226,891</u>

UNITED WAY - OTHER

16,190

TOTAL UNITED WAY SUPPORT

\$ 243,081

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Grantor/ Program Title/ Pass-Through Grantor	ALN Number	Grant / Contract Number	Federal
U.S. Department of Agriculture			
<i>Child and Adult Care Food Program:</i>			
Pass-through Florida Department of Health	10.558	S 552	\$ 1,459,808
Pass-through Florida Department of Health - CARES	10.558	S 552	1,535
Pass-through Florida Department Elder Affairs	10.558	Y6028	14,063
<i>Program Total</i>			<u>1,475,406</u>
Total U.S. Department of Agriculture			\$ 1,475,406
U.S. Department of Health and Human Services			
<i>Unaccompanied Alien Children Program:</i>			
Direct - U.S. Department of Health and Human Services	93.676	90ZU0349-03-00	\$ 4,358,167
Direct - U.S. Department of Health and Human Services	93.676	90ZU0552-01	1,560,756
<i>Program Total</i>			<u>5,918,923</u>
<i>Substance Abuse and Mental Health Services Program</i>			
Direct - U.S. Department of Health and Human Services	93.243	5H79TI082159-03	148,872
<i>Program Total</i>			<u>148,872</u>
<i>Head Start Program:</i>			
Pass-through Miami Dade County:			
Head Start FY 2021 - 2022	93.600	D-10122c	473,663
Head Start FY 2022 - 2023	93.600	D-10122c	9,668,064
Head Start FY 2021 - 2022 T&TA	93.600	D-10122c	10,800
Head Start FY 2022 - 2023 T&TA	93.600	D-10122c	13,500
Head Start - COVID 19	93.600	04HET001142	152,612
Head Start - American Rescue Plan	93.600	04HE000544	672,818
Early Head Start FY 2022 - 2023 T&TA	93.600	EHSE-DA 006	6,897
Early Head Start FY 2021 - 2022	93.600	EHSE-DA 006	263,595
Early Head Start FY 2022 - 2023	93.600	EHSE-DA 006	1,520,895
Early Head Start - COVID 19	93.600	04HET001142	25,708
Early Head Start - American Rescue Plan	93.600	04HE000544	108,137
<i>Program Total</i>			<u>12,916,689</u>
<i>Aging Cluster:</i>			
Pass-through Areawide Council on Aging of Broward County, Inc:			
Special Programs for the Aging, Title III, Part B	93.044	JA122-39-2022	48,027
Special Programs for the Aging, Title III, Part B	93.044	JA123-39-2023	80,540
Pass-through Alliance for Aging, Inc.			
Nutrition Program for the Elderly	93.053	AA-2302, AA-2202	81,445
Special Programs for the Aging, Title III, C-1	93.045	AA-2302	229,981
Special Programs for the Aging, Title III, C-1 - CARES	93.045	KCA-2002-A	6,874
Special Programs for the Aging, Title III, C-1	93.045	RP-2102.2	57,356
Special Programs for the Aging, Title III, C-1	93.053	RP-2102.2	2,700
Special Programs for the Aging, Title III, C-1	93.045	AA-2202	173,138
<i>Cluster Total</i>			<u>680,061</u>
<i>National Family Caregiver Support, Title III, Part E Program:</i>			
Pass-through Areawide Council on Aging of Broward County, Inc:	93.052	JA123-39-2023	19,319
Pass-through Areawide Council on Aging of Broward County, Inc	93.052	JA122-39-2022	16,782
<i>Program Total</i>			<u>36,101</u>
<i>Temporary Assistance for Needy Families Program:</i>			
Pass-through Thriving Mind South Florida	93.558	ME-225-12-06	425,848
<i>Program Total</i>			<u>425,848</u>

See accompanying note to the schedule of state earnings, cost center actual expenses and revenues, and schedules of expenditures of federal awards and state financial assistance

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Grantor/ Program Title/ Pass-Through Grantor	ALN Number	Grant / Contract Number	Federal
U.S. Department of Health and Human Services (continued)			
<i>Block Grants for Prevention and Treatment of Substance Abuse Program:</i>			
Pass-through Thriving Mind South Florida	93.959	ME-225-12-06	684,571
Pass-through Thriving Mind South Florida - Matching Funds	93.959	ME-225-12-06	852,919
<i>Program Total</i>			1,537,490
<i>Block Grants for Community Mental Health Services Program:</i>			
Pass-through Thriving Mind South Florida	93.958	ME-225-12-06	65,521
Pass-through Thriving Mind South Florida - Matching Funds	93.958	ME-225-12-06	348,657
<i>Program Total</i>			414,178
<i>Pass-through Florida Department of Children and Families</i>			
Refugee and Entrant Assistance State Administered Programs	93.566	XK064	1,042,602
<i>Refugee and Entrant Assistance Voluntary Agency Programs:</i>			
Pass-through U.S. Conference of Catholic Bishops	93.567	2201DCRVMG	39,786
Pass-through U.S. Conference of Catholic Bishops	93.567	2301DCRVMG	42,124
<i>Program Total</i>			81,910
<i>Pass-through Miami Beach Community Health Center</i>			
HIV Emergency Relief Project Grants	93.914	N/A	94,608
Total U.S. Department of Health and Human Services			\$ 23,297,282
U.S. Department of Homeland Security			
<i>Emergency Food and Shelter National Board Program:</i>			
Pass-through United Way of Miami-Dade County	97.024	Phase 39	\$ 139,845
Pass-through United Way of Miami-Dade County - CARES	97.024	Phase 39	290,397
Pass-through United Way of Broward County - CARES	97.024	Phase 39	157,563
Pass-through United Way of Broward County	97.024	Phase 39	34,499
Pass-through United Way of Miami-Dade County	97.024	Phase 40	2,316
Total U.S. Department of Homeland Security			\$ 624,620
U.S. Department of Housing and Urban Development			
<i>Emergency Solutions Grant Program</i>			
Pass-through Monroe County Homeless Services Continuum of Care Inc.	14.231	KP010-CC23	\$ 56,700
Pass-through Monroe County Homeless Services Continuum of Care Inc. - CARES	14.231	KP010	32,088
			88,788
<i>Supportive Housing Program</i>			
Direct - U.S. Department of Housing and Urban Development	14.235	FL0273L4D042114	194,315
Direct - U.S. Department of Housing and Urban Development	14.235	FL0593L4D042005	73,137
Direct - U.S. Department of Housing and Urban Development	14.235	FL0273L4D042215	52,453
Direct - U.S. Department of Housing and Urban Development	14.235	FL0593L4D042106	48,540
<i>Program Total</i>			368,445
Total U.S. Department of Housing and Urban Development			\$ 457,233
TOTAL FEDERAL FUNDS AND PASS-THROUGHS			\$ 25,854,541

See accompanying note to the schedule of state earnings, cost center actual expenses and revenues, and schedules of expenditures of federal awards and state financial assistance.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2023**

Grantor/ Program Title/ Pass-Through Grantor	CSFA Number	Grant / Contract Number	State
Florida Department of Elder Affairs			
<i>Community Care for the Elderly Program:</i>			
Pass-through Broward County	65.010	19-EVSD-3411-ADC-02A	\$ 27,285
Florida Department of Education			
<i>Voluntary Pre-Kindergarten Education Program:</i>			
Pass-through Early Learning Coalition	48.108	N/A	1,856,780
TOTAL STATE PROJECTS			\$ 1,884,065

See accompanying note to the schedule of state earnings, cost center actual expenses and revenues, and schedules of expenditures of federal awards and state financial assistance.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
SCHEDULE OF COST CENTER ACTUAL EXPENSES AND REVENUES-SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES –
PART I
FOR THE YEAR ENDED JUNE 30, 2023

Part I: Actual Funding Sources and Revenues

STATE-FUNDED													Total for State SAMH-Funded Covered Services or Projects (B+C)	Total for Non-State-Funded Covered Services or Projects (E)	Total for All Covered Services or Projects (D+E)	Non-SAMH Covered Services or Projects (G)	Total Funding (F+G)
Mental Health			Substance Abuse														
FUNDING SOURCES & REVENUES	Case Management 02	Residential II 19	Mental Health Total	Assessment 01	Case Management 02	Medication-Assisted Tx 13	Outpatient (Indiv.) 14	Residential II 19	Transition Voucher B2	Substance Abuse Total							
A			B							C	D	E	F	G	H		
IA. STATE SAMH FUNDING																	
Current Year Funding																	
Expenditure Report OCA#	Provider Subcontract#	Funding Source: F-Federal S-State F/S-Federal and State															
MH001	ME225-12-06	F/S	\$ -	\$ 414,178	\$ 414,178	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 414,178	\$ -	\$ 414,178	\$ -	\$ 414,178	\$ -	\$ 414,178
MHOTB	ME225-12-06	F	1,306	131,503	132,809	-	-	-	-	-	132,809	-	132,809	-	132,809	-	132,809
MS003	ME225-12-06	F/S	-	-	-	-	-	929,548	-	929,548	929,548	-	929,548	-	929,548	-	929,548
MS011	ME225-12-06	F/S	-	-	-	207	14,454	10,537	-	25,197	25,197	-	25,197	-	25,197	-	25,197
MS027	ME225-12-06	F/S	-	-	-	526	-	86,634	-	87,160	87,160	-	87,160	-	87,160	-	87,160
MS0TB	ME225-12-06	F	-	-	-	2,055	-	290,984	-	293,039	293,039	-	293,039	-	293,039	-	293,039
MSARP	ME225-12-06	F	-	-	-	-	-	194,313	-	194,313	194,313	-	194,313	-	194,313	-	194,313
MSTRV	ME225-12-06	S	-	-	-	-	-	-	25,611	25,611	25,611	-	25,611	-	25,611	-	25,611
Total Current Year Funding			1,306	545,681	546,987	-	2,788	14,454	10,537	1,501,479	25,611	1,554,867	2,101,854	-	2,101,854	-	2,101,854
Current Year Funding																	
Expenditure Report OCA#	Provider Subcontract#	Funding Source: F-Federal S-State F/S-Federal and State															
MS003	ME225-12-06	S	-	-	-	-	-	275,661	-	275,661	275,661	-	275,661	-	275,661	-	275,661
MS011	ME225-12-06	S	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Year Funding			-	-	-	-	-	275,661	-	275,661	275,661	-	275,661	-	275,661	-	275,661
TOTAL STATE SAMH FUNDING =			\$ 1,306	\$ 545,681	\$ 546,987	\$ -	\$ 2,788	\$ 14,454	\$ 10,537	\$ 1,777,140	\$ 25,611	\$ 1,830,529	\$ 2,377,516	\$ -	\$ 2,377,516	\$ -	\$ 2,377,516
IB. OTHER GOVERNMENT FUNDING																	
(1) Other State Agency Funding			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,884,065	\$ 1,884,065
(2) Medicaid			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(3) Local Government			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(4) Federal Grants and Contracts			-	-	-	-	-	-	-	-	-	-	-	-	25,056,083	25,056,083	
(5) In-kind from local govt. only			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER GOVERNMENT FUNDING =			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,940,148	\$ 26,940,148	
IC. ALL OTHER REVENUES																	
(1) 1st & 2nd Party Payments			\$ -	\$ 1,362	\$ 1,362	\$ -	\$ -	\$ -	\$ -	\$ 5,199	\$ -	\$ 5,199	\$ 6,561	\$ -	\$ 6,561	\$ 348,870	\$ 355,431
(2) 3rd Party Payments (except Medicare)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(3) Medicare			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(4) Contributions and Donations			-	-	-	-	-	-	-	-	-	-	-	-	1,448,424	1,448,424	
(5) Other			-	-	-	-	-	-	-	-	-	-	-	-	34	34	
(6) In-kind			285	119,229	119,514	609	3,158	2,302	388,297	394,366	513,880	-	513,880	5,379,264	5,893,144		
TOTAL ALL OTHER REVENUES =			\$ 285	\$ 120,591	\$ 120,876	\$ 609	\$ 3,158	\$ 2,302	\$ 393,496	\$ -	\$ 399,565	\$ 520,441	\$ 520,441	\$ 7,176,592	\$ 7,697,033		
TOTAL FUNDING =			\$ 1,591	\$ 666,272	\$ 667,863	\$ -	\$ 3,397	\$ 17,612	\$ 12,839	\$ 2,170,636	\$ 25,611	\$ 2,230,094	\$ 2,897,957	\$ -	\$ 2,897,957	\$ 34,116,740	\$ 37,014,697

See accompanying note to the schedule of state earnings, cost center actual expenses and revenues, and schedule of expenditures of federal awards.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
SCHEDULE OF COST CENTER ACTUAL EXPENSES AND REVENUES-SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES –
PART II
FOR THE YEAR ENDED JUNE 30, 2023

Part II: Actual Expenses

SAMH COVERED SERVICES																	
EXPENSE CATEGORIES A	Mental Health				Substance Abuse					Substance Abuse Total C	Total for State SAMH-Funded Covered Services (B+C) D	Total for Non-State-Funded Covered Services E	Total for All Covered Services (D+E) F	Non-SAMH Covered Services G	Other Support Costs (optional) H	Administration I	Total Expenses (F+G+H+I) J
	Case Management 02	Residential II 19	Mental Health Total	Assessment 01	Case Management 02	Medication-Assisted Tx 13	Outpatient (Indiv.) 14	Residential II 19	Transition Voucher B2								
IA. PERSONNEL EXPENSES																	
(1) Salaries	\$ 487	\$ 203,478	\$ 203,965	\$ -	\$ 1,040	\$ 5,390	\$ 3,929	\$ 662,675	\$ -	\$ 673,033	\$ 876,998	\$ -	\$ 876,998	\$ 12,690,684	\$ -	\$ 2,499,610	\$ 16,067,292
(2) Fringe Benefits	58	24,215	24,273	-	124	641	468	78,862	-	80,095	104,368	-	104,368	1,462,007	-	278,166	1,844,541
TOTAL PERSONNEL EXPENSES =	545	227,693	228,238	-	1,163	6,031	4,397	741,537	-	753,128	981,366	-	981,366	14,152,691	-	2,777,776	17,911,833
IC. DISTRIBUTED INDIRECT COSTS																	
(a) Other Support Costs (Optional)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(b) Administration	615	47,724	48,340	-	1,146	1,277	3,431	153,654	-	159,508	207,848	-	207,848	4,572,973	-	(4,780,821)	-
TOT. DISTR'D INDIRECT COSTS =	\$ 615	\$ 47,724	\$ 48,340	\$ -	\$ 1,146	\$ 1,277	\$ 3,431	\$ 153,654	\$ -	\$ 159,508	\$ 207,848	\$ -	\$ 207,848	\$ 4,572,973	\$ -	\$ (4,780,821)	\$ -
TOTAL ACTUAL OPER. EXPENSES =	\$ 1,463	\$ 584,888	\$ 586,350	\$ -	\$ 2,955	\$ 42,704	\$ 10,637	\$ 1,893,836	\$ 24,710	\$ 1,974,842	\$ 2,561,192	\$ -	\$ 2,561,192	\$ 34,202,728	\$ 0.00	\$ 0.00	\$ 36,763,920
IID. UNALLOWABLE COSTS																	
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOT. ALLOWABLE OPER. EXP. =	\$ 1,463	\$ 584,888	\$ 586,350	\$ -	\$ 2,955	\$ 42,704	\$ 10,637	\$ 1,893,836	\$ 24,710	\$ 1,974,842	\$ 2,561,192	\$ -	\$ 2,561,192	\$ 34,202,728	\$ -	\$ -	\$ 36,763,920

See accompanying note to the schedule of state earnings, cost center actual expenses and revenues, and schedule of expenditures of federal awards.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
SCHEDULE OF STATE EARNINGS
FOR THE YEAR ENDED JUNE 30, 2023

1. Total Expenditures	\$ 36,763,920
2. Less other State and Federal Funds	(26,940,148)
3. Less Non-Match SAMH Funds	(935,374)
4. Less Unallowable Costs, per 65E-14, F.A.C.	<u>-</u>
5. Total Allowable Expenditures (Sum of lines 1,2,3 and 4)	<u>8,888,398</u>
6. Maximum Available Earnings (Line 5 times 75%)	6,666,299
7. Amount of Funds Requiring Local Match	513,881
8. Amount Due to Department, if negative (Subtract line 7 from line 6)	<u><u>NONE</u></u>

See accompanying note to the schedule of state earnings, cost center actual expenses and revenues, and schedule of expenditures of federal awards.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
SCHEDULE OF RELATED PARTY TRANSACTION ADJUSTMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Revenues From Grantee	Related Party	Allocation of Related Party Transactions Adjustment				
		State-Designated Cost Centers				Total
		1	2	3	
Rent	XXX					
Services	XXX					
Interest	XXX					
Other	<u>XXX</u>					
Total Revenue From Grantee	XXX					
Expenses Associated with Grantee Transactions		N/A				
Personnel Services	YYY					
Depreciation	YYY					
Interest	YYY					
Other	<u>YYY</u>					
Total Associated Expenses	YYY					
Related Party Transaction Adjustment	<u>ZZZ</u>	<u>ZZZ</u>	<u>ZZZ</u>	<u>ZZZ</u>	<u>ZZZ</u>	<u>ZZZ</u>

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
NOTES TO THE SCHEDULE OF STATE EARNINGS, COST CENTER ACTUAL EXPENSES AND
REVENUES AND SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
JUNE 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance (the “Schedules”) presents the activity of all federal awards and state projects of Catholic Charities of the Archdiocese of Miami, Inc. for the year ended June 30, 2023.

The information in the Schedules are presented in accordance with the 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) and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Because the Schedules present only a selected portion of the operation of the organization, they are not intended to and do not present the financial position, changes in net assets, or cash flows of the organization.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedules 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.
- (2) Catholic Charities has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

In addition, the Schedules of State Earnings, Cost Center Actual Expenses and Revenues were prepared in accordance with the requirements in the State of Florida Department of Children and Families Contract ME-225-12-06 for Substance Abuse and Mental Health Services.

NOTE C – CONTINGENCY

Financial awards and assistance from federal and state governmental entities in the form of grants and contracts are subject to special audit and adjustments. If expenditures are disallowed by the grantor/contract agencies as a result of such audit, any claim for reimbursement to the grantor/contract agencies would become a liability to Catholic Charities. 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.



INDEPENDENT AUDITOR'S 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*

To the Board of Directors of
Catholic Charities of the Archdiocese of Miami, Inc.
Wilton Manors, 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 financial statements of Catholic Charities of the Archdiocese of Miami, Inc. ("Catholic Charities"), a nonprofit organization, which comprise the statement of financial position as of and for the year ended June 30, 2023, and the 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 13, 2023.

Report on Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Catholic Charities' 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
October 13, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT
AND ON INTERNAL CONTROL OVER COMPLIANCE BY UNIFORM
GUIDANCE AND CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL*

To the Board of Directors of
Catholic Charities of the Archdiocese of Miami, Inc.
Wilton Manors, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Catholic Charities of the Archdiocese of Miami, Inc.'s ("Catholic Charities"), compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *OMB Circular Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of Catholic Charities' major federal programs and state projects for the year ended June 30, 2023. Catholic Charities' major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Catholic Charities 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 and state projects for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program and State Project

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; 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) and Chapter 10.650 Rules of the Auditor General of the State of Florida. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Catholic Charities 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' 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' federal programs and state projects.

Auditor's Responsibility

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' 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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.650, Rules of the Auditor General 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' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.650, Rules of the Auditor General, 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' 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' 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 and Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of Catholic Charities' internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project 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 or state project 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 and state project 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.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
October 13, 2023

**CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS PROGRAMS AND
 STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED JUNE 30, 2023**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness (es) identified? yes no
- Significant deficiency (ies) identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards and State Projects

Type of auditor's report issued on compliance for major federal programs and state projects: *Unmodified*

Internal control over major federal programs and state projects:

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance or Chapter 10.650, *Rules of the Auditor General*? yes no

Identification of major federal programs and state projects:

Federal Program/State Project or Cluster	ALN/CSFA Number	Expenditures
Federal Programs:		
<u>U.S. Department of Health and Human Services</u>		
Refugee and Entrant Assistance State Administered Programs	93.566	\$ 1,042,602
Unaccompanied Alien Children Program	93.676	\$ 5,918,923
State Projects:		
<u>Florida Department of Education</u>		
Voluntary Pre-Kindergarten Education Program	48.108	\$ 1,856,780

**CATHOLIC CHARITIES OF THE ARCHDIOCESE OF MIAMI, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS PROGRAMS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2023**

SECTION I - SUMMARY OF AUDITOR'S RESULTS (Continued)

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

Auditee qualified as low-risk auditee? X yes no

Dollar threshold used to distinguished between type A and
type B state projects: \$ 565,220

SECTION II – FINANCIAL STATEMENT FINDINGS

The audit disclosed no matters that are reportable for the current year.

**SECTION III – FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS
AND STATE PROJECTS**

The audit disclosed no matters that are reportable for the current year.

SECTION IV – OTHER ISSUES

1. No management letter was issued for the year ended June 30, 2023.
2. No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings relating to Federal Award Programs or state financial assistance projects.
3. No corrective action plan is required because there were no findings required to be reported under the Uniform Guidance or the Department of Financial Services' State Project Compliance Supplement.

**CATHOLIC CHARITIES OF THE
ARCHDIOCESE OF MIAMI, INC.**

MANAGEMENT LETTER

JUNE 30, 2023

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MANAGEMENT LETTER

To the Board of Directors of
Catholic Charities of the Archdiocese of Miami, Inc.

Report on the Financial Statements

We have audited the financial statements of Catholic Charities of the Archdiocese of Miami, Inc., (the “Organization”) as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated October 13, 2023.

Auditor’s Responsibility

We conducted our audit 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; 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); and Chapter 10.650, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards, Independent Auditor’s Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance, and Schedule of Findings and Questioned Costs in accordance with the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated October 13, 2023, should be considered in conjunction with this management letter.

Management letter

In planning and performing our audit of the financial statements of the Organization as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A *management point* is an observation and/or a suggestion regarding the organization's activities that go beyond internal control related matters.

Our consideration of internal control was for the limited purpose described in the first paragraph of this subsection and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

Generally accepted auditing standards require auditors to communicate *material weaknesses* and *significant deficiencies* in internal control that they become aware of during the audit. Generally accepted auditing standards do not require auditors to communicate *management points*. Our firm's policy requires us to inform you of any *management points* discovered during our audit.

The following summarizes the results of our audit for the year ended June 30, 2023:

Material Weakness Identified	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Management Point Identified	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

We wish to congratulate the Organization on receiving a management letter where no material weaknesses in internal controls were reported.

Additional Matters

Section 10.654(1)(e), Rules of the Auditor General, requires that we communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements, Federal programs, or State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



VERDEJA, DE ARMAS, TRUJILLO, & ALVAREZ, LLP

Coral Gables, Florida
October 13, 2023