

**CENTRO MATER CHILD CARE  
SERVICES, INC.**

**FINANCIAL STATEMENTS,  
INDEPENDENT AUDITOR'S REPORT AND  
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED  
JUNE 30, 2023 AND 2022**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Centro Mater Child Care Services, Inc.

### *Opinion*

We have audited the accompanying financial statements of Centro Mater Child Care Services, Inc. (the "Organization"), (a non profit organization), which comprise the statement 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 the Organization as of June 30, 2023 and 2022, and the changes in its net assets and 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 the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Pedro L. Silva, C.P.A.  
Michael Vildosola, C.P.A.

### *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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650 Rules of the Auditor General of the State of Florida, is presented for purposes of additional analysis and is 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 4, 2023, on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization’s internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
October 4, 2023

**CENTRO MATER CHILD CARE SERVICES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2023 AND 2022**

ASSETS		
	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,301,092	\$ 657,912
Accounts receivable, net	1,749,063	2,088,271
TOTAL CURRENT ASSETS	4,050,155	2,746,183
PROPERTY AND EQUIPMENT, net	759,877	513,604
DEPOSITS AND OTHER ASSETS	5,210	5,210
TOTAL ASSETS	\$ 4,815,242	\$ 3,264,997
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 95,748	\$ 330,327
Accrued expenses	128,480	88,435
Advance program service fees	1,242,205	-
Due to affiliates	81,534	64,795
TOTAL CURRENT LIABILITIES	1,547,967	483,557
NET ASSETS		
Without donor restrictions:		
Undesignated	2,869,901	2,384,066
Board designated	397,374	397,374
TOTAL NET ASSETS	3,267,275	2,781,440
TOTAL LIABILITIES AND NET ASSETS	\$ 4,815,242	\$ 3,264,997

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

**CENTRO MATER CHILD CARE SERVICES, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions		
	Undesignated	Board Designated	Total
<b>SUPPORT AND REVENUE</b>			
Revenue:			
Program service fees	\$ 14,503,559	\$ -	\$ 14,503,559
Support:			
Contributions:			
United Way	181,595	-	181,595
Other	131,423	-	131,423
In-kind	1,901,516	-	1,901,516
Total support	2,214,534	-	2,214,534
<b>TOTAL SUPPORT AND REVENUE</b>	<b>16,718,093</b>	<b>-</b>	<b>16,718,093</b>
<b>EXPENSES</b>			
Program services:			
Child care services	13,228,746	-	13,228,746
Supporting services:			
General and administrative	3,003,512	-	3,003,512
<b>TOTAL EXPENSES</b>	<b>16,232,258</b>	<b>-</b>	<b>16,232,258</b>
<b>CHANGE IN NET ASSETS</b>	<b>485,835</b>	<b>-</b>	<b>485,835</b>
<b>NET ASSETS, beginning of year</b>	<b>2,384,066</b>	<b>397,374</b>	<b>2,781,440</b>
<b>NET ASSETS, end of year</b>	<b>\$ 2,869,901</b>	<b>\$ 397,374</b>	<b>\$ 3,267,275</b>

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

**CENTRO MATER CHILD CARE SERVICES, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions		Total
	Undesignated	Board Designated	
<b>SUPPORT AND REVENUE</b>			
Revenue:			
Program service fees	\$ 11,863,693	\$ -	\$ 11,863,693
Support:			
Contributions:			
United Way	180,210	-	180,210
Other	146,679	-	146,679
In-kind	1,871,217	-	1,871,217
Total support	2,198,106	-	2,198,106
<b>TOTAL SUPPORT AND REVENUE</b>	<b>14,061,799</b>	<b>-</b>	<b>14,061,799</b>
<b>EXPENSES</b>			
Program services:			
Child care services	11,067,630	-	11,067,630
Supporting services:			
General and administrative	2,627,267	-	2,627,267
<b>TOTAL EXPENSES</b>	<b>13,694,897</b>	<b>-</b>	<b>13,694,897</b>
<b>CHANGE IN NET ASSETS</b>	<b>366,902</b>	<b>-</b>	<b>366,902</b>
NET ASSETS, beginning of year	2,017,164	397,374	2,414,538
NET ASSETS, end of year	<u>\$ 2,384,066</u>	<u>\$ 397,374</u>	<u>\$ 2,781,440</u>

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



**CENTRO MATER CHILD CARE SERVICES, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023			2022		
	Program Services -	Supporting Services -	Total	Program Services -	Supporting Services -	Total
	Child Care Services	General and Administrative		Child Care Services	General and Administrative	
Salaries and wages	\$ 5,650,740	\$ 1,412,685	\$ 7,063,425	\$ 5,024,005	\$ 1,255,999	\$ 6,280,004
Payroll taxes	437,878	109,469	547,347	374,417	93,604	468,021
Benefits	623,849	155,962	779,811	642,214	160,553	802,767
Total personnel costs	6,712,467	1,678,116	8,390,583	6,040,636	1,510,156	7,550,792
Occupancy:						
Rent	25,914	2,879	28,793	51,827	5,759	57,586
Utilities and other	514,449	57,161	571,610	167,891	18,655	186,546
In-kind	1,615,019	179,447	1,794,466	1,615,019	179,447	1,794,466
Specific assistance	2,446,354	-	2,446,354	1,665,534	-	1,665,534
Management fees	-	736,471	736,471	-	650,860	650,860
Repairs and maintenance	885,113	98,346	983,459	628,526	69,836	698,362
Insurance	225,134	25,015	250,149	251,094	27,899	278,993
In-kind goods and services	96,346	10,705	107,051	69,077	7,675	76,752
Supplies	369,381	41,042	410,423	285,426	31,714	317,140
Professional fees	66,538	16,634	83,172	90,434	22,609	113,043
Conferences, meetings and dues	91,779	137,668	229,447	57,740	86,610	144,350
Telephone	94,971	10,552	105,523	80,135	8,904	89,039
Transportation	207	23	230	-	-	-
Total expenses before depreciation	13,143,672	2,994,059	16,137,731	11,003,339	2,620,124	13,623,463
Depreciation	85,074	9,453	94,527	64,291	7,143	71,434
Total expenses	<u>\$ 13,228,746</u>	<u>\$ 3,003,512</u>	<u>\$ 16,232,258</u>	<u>\$ 11,067,630</u>	<u>\$ 2,627,267</u>	<u>\$ 13,694,897</u>

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

**CENTRO MATER CHILD CARE SERVICES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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CASH FLOWS FROM OPERATING ACTIVITIES	<u>2023</u>	<u>2022</u>
Change in net assets	\$ 485,835	\$ 366,902
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	94,527	71,434
(Increase) Decrease in assets:		
Accounts receivable	339,208	(92,623)
Increase (Decrease) in liabilities:		
Accounts payable and accrued expenses	(194,534)	22,353
Advance program service fees	1,242,205	(50,000)
Net cash provided by operating activities	<u>1,967,241</u>	<u>318,066</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>(340,800)</u>	<u>(347,314)</u>
Net cash used in investing activities	<u>(340,800)</u>	<u>(347,314)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Change in due to affiliates	<u>16,739</u>	<u>(4,323)</u>
Net cash provided by (used in) financing activities	<u>16,739</u>	<u>(4,323)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT:	1,643,180	(33,571)
 CASH AND CASH EQUIVALENTS, beginning of year	<u>657,912</u>	<u>691,483</u>
 CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,301,092</u>	<u>\$ 657,912</u>

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

**CENTRO MATER CHILD CARE SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Centro Mater Child Care Services, Inc., (the "Organization") is a Florida not-for-profit organization sponsored by the Archdiocese of Miami. The Organization was founded in 1968 and operates from five locations in Miami, Florida, to provide educational and developmental services to economically disadvantaged children and their families.

**Basis of Accounting**

The financial statements have been prepared using the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation**

The financial statements have been prepared on the accrual basis of accounting and in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). The Organization is required to report information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions on the use of the net assets. The two net asset categories are as follows:

Net Assets Without Donor Restrictions

The portion of the net assets of the Organization that can be used subject to the broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws. In some cases, the use of these resources is also subject to limits resulting from contractual agreements with suppliers, creditors, and others entered into by the Organization in the normal course of business. The Organization has the greatest ability to choose when using these resources. Net assets without donor restrictions generally result from contributions that are not subject to donor-imposed restrictions. Included in net assets without donor restrictions at June 30, 2023 and 2022 are \$397,374, respectively, designated by the board of directors. Restricted revenue whose restrictions are met within the same year as received are reflected as undesignated revenue in the accompanying financial statements.

Net Assets With Donor Restrictions

The portions of net assets of the Organization that is subject to either donor-imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit the Organization's choices when using these resources because the Organization has a fiduciary responsibility to its donors to follow the donors instructions. Net assets with donor restrictions generally result from donor-restricted contributions. There were no net assets with donor restrictions as of June 30, 2023 and 2022.

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with a maturity of three months or less when purchased as cash equivalents.

**CENTRO MATER CHILD CARE SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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

**Concentration of Credit Risk**

Financial instruments which potentially subject the Organization to concentration of credit risk consist principally of cash deposits with financial institutions. At times, amounts invested with financial institutions exceed the Federal Deposit Insurance Corporation's insured limit.

**Accounts Receivable**

Accounts receivable consist primarily of amounts due from government grantors under various grant agreements and are stated at estimated net realizable value. Grants from government agencies are recognized as revenue when the grant funds have been expended in accordance with the grant provisions. At June 30, 2023 and 2022, the allowance for doubtful accounts was \$20,000, respectively.

**Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation. Contributed assets are recorded at their fair market value on the date of donation. Expenditures which materially increase values, change capacities, or extend useful lives in excess of \$2,000 are capitalized. Expenditures for maintenance and repairs are expenses as incurred. Depreciation is provided on the straight-line method over the estimated useful lives of the assets.

**Deferred Revenue**

Deferred revenue consist of amounts received but not expended as of June 30, 2023, specifically related to the ARPA grant.

**Contributions**

The Organization reports contributions, including donations of cash and other assets, as revenues when the donor's unconditional pledge is received. Conditional promises are recorded when donor stipulations are substantially met.

Contributions received with donor restrictions that limit the use of the donated assets are reported as restricted support. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions of donated non-cash assets are recorded at their fair values in the year received.

**Estimates**

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

**Income Taxes**

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded.

The Organization has processes presently in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated income, determine its filing and tax obligations, and to review other matters that may be considered tax positions. Management of the Organization believes there are no uncertain tax positions.

**CENTRO MATER CHILD CARE SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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

The U.S. Federal jurisdiction is the major tax jurisdiction where the Organization files income tax returns. The Organization is generally no longer subject to U.S. Federal examinations by tax authorities for years before 2020.

**Contributed Facilities, Goods and Services**

Donated services are recognized if the services received either create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated goods and services are recognized at the fair value.

**Functional Allocation of Expenses**

The costs of providing programs and other activities have been summarized on a functional basis in the statements of functional expenses. The financial statements report certain categories of expenses that are attributable to the program or supporting function of the Organization, including certain administrative costs, depreciation and amortization, interest, and taxes and insurance. Allocation of such expenses is based upon the Organization’s personnel time and effort. Such estimates are determined by management.

**Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which will require leases to be recorded as an asset on the balance sheet for the right to use the leased asset and a liability for the corresponding lease obligation for leases with terms of more than twelve months. The Organization adopted ASU 2016- 02 with an implementation date of January 1, 2022. There was no material impact to beginning net assets as a result of the adoption and therefore no cumulative adjustment was required. ASU 2016-02 is effective for non-public companies for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization does not have any long-term leases as of June 30, 2023.

**Subsequent Events**

The Organization has evaluated subsequent events through October 4, 2023, which is the date the financial statements were available to be issued.

**NOTE 2 – PROPERTY AND EQUIPMENT, NET**

Property and equipment at June 30, 2023 and 2022 consist of the following:

	2023	2022
Leasehold improvements	\$ 1,157,484	\$ 816,684
Machinery and equipment	287,846	287,846
Office equipment and software	173,048	173,048
Total property and equipment	1,618,378	1,277,578
Less: accumulated depreciation	(858,501)	(763,974)
Property and equipment, net	<u>\$ 759,877</u>	<u>\$ 513,604</u>

Depreciation expense totaled \$94,527 and \$71,434 for the years ended June 30, 2023 and 2022, respectively.

A significant portion of the facilities used by the Organization are furnished by Centro Mater, Inc., which has a long-term commitment for the continuance of the Organization’s activities. (See Note 3).

**CENTRO MATER CHILD CARE SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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**NOTE 3 – CONTRIBUTED FACILITIES, GOODS AND SERVICES**

Facilities – A substantial portion of the Organization’s buildings and improvements are used rent-free.

Centro Mater, Inc. (the “Corporation”) is a Florida non-profit corporation with 501(c) (3) tax-exempt status. It was incorporated in 1974 with the explicit purpose of supporting child care services. Pursuant to its articles of incorporation, membership in the corporation is limited to those individuals approved by the Archbishop of Miami and the Archbishop is the ex officio chairman of the corporation’s board of directors. Centro Mater, Inc. holds legal title to the real property of the child care centers operated by Centro Mater Child Care Services, Inc. Centro Mater, Inc. leases these properties to Centro Mater Child Care Services, Inc. for the management and operation of the child care centers pursuant to a written lease agreement between the parties. Centro Mater, Inc. has traditionally provided fundraising and other support to these child care centers. During the years ended June 30, 2023 and 2022, Centro Mater Child Care Services, Inc. used the facilities leased by Centro Mater, Inc. rent-free. A market value of \$1,794,465, respectively for the use of these facilities, is included as contributions, in-kind in the accompanying statement of activities and changes in net assets in each of the years ended June 30, 2023 and 2022. During the years ended June 30, 2023 and 2022, the Organization used facilities leased by City of Hialeah, rent free with a market value of \$107,051, respectively.

Goods and Services - Donated goods and services are recognized as contributions if the goods and services create or enhance non-financial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased. During the years ended June 30, 2023 and 2022, fair market value of goods and services totaled \$107,051 and \$76,752, respectively.

**NOTE 4 – LINE OF CREDIT**

During 2023, the Organization had a revolving line of credit available for \$500,000 with a financial institution. This line of credit bear interest at adjusted Bloomberg Short-Term Bank Yield Index “BSBY” rate provided however, in no instance shall the interest rate ever be less than 2.5% per annum. The line of credit had a balance of \$0 at June 30, 2023 and 2022, respectively.

**NOTE 5 – RETIREMENT PLAN**

The Organization’s employees participate in the Archdiocese of Miami Pension Plan (the “Plan”), a defined benefit pension plan covering substantially all employees of the Archdiocese. As of June 30, 2023, the Plan's Pension Protection Act Zone is green, based on information that the Organization received from the Plan and certified by the Plan's actuary. Green status means the Plan is at least 80 percent funded for the year ended June 30, 2023. Since the computed value of vested benefits and plan assets for employees of the Organization cannot be segregated from those of other entities participating in the pension plan, it is not possible to determine that portion of the excess which may be attributable to the Organization. The share of the Plan's unfunded vested liabilities allocable to the Organization upon withdrawal or termination of the Plan, and for which it may be a contingently liable, it is not ascertainable at this time.

The following information pertains to the total Plan only, in which the Organization is a participant. Additional information related to the Plan is disclosed in the Plan’s financial statements.

**CENTRO MATER CHILD CARE SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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**NOTE 5 – RETIREMENT PLAN (Continued)**

Eligible lay employees, as defined in the Plan document, with five or more years of credited service, are entitled to annual pension benefits beginning at normal retirement (age 65) equal to a defined amount per month for each year of service. The monthly benefit is 1.67% of average monthly earnings (average of the annual earnings for the highest five years preceding the retirement or termination dated of an employee) multiplied by years of credited service, subject to a maximum of 50% of average monthly earnings, regardless of length of service. Plan participants with monthly benefits of less than \$100 may elect a lump-sum benefit distribution.

The normal retirement date for benefits accrued after 2009 is social security normal retirement age with 5 years of service. Benefits accrued before 2010 are payable at the earlier of (i) the attainment of age 65 and the completion of five years of credited service, or (ii) the date upon which the sum of employee's age and years of credited service equals eighty-five (rule of 85). Service after 2009 counts towards the rule of 85 for purposes of paying pre-2010 benefit accruals.

The Plan permits early retirement for employees with ten years of credited service who have reached age 55. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity or a ten-year certain and life thereafter annuity. A distributee may elect to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee employee in a direct rollover. The normal retirement age for all benefits accrued after December 31, 2009 is social security normal retirement age.

The Plan clarified its definition of earnings to be total compensation, including wages, salary, bonuses, and overtime payments, but only to the extent paid while the participant is a member. The expected rate of compensation increase was 6% - 7.5% for years of service less than five and 5.5% for years of service of five or more for 2023 and 2022.

For purposes of determining the member's accrued benefit under the Plan, the Plan shall disregard service performed by the member with respect to which the member has received a distribution of the present value of the member's entire non-forfeitable benefit attributable to such service.

The expected long-term rate of return on assets assumption was 6.5% for 2023 and 2022, respectively. The expected long-term rate of return on assets assumption was developed considering historical and future expectations for returns for each asset class.

The actuarial determination of accumulated Plan benefits is performed annually as of January 1. The actuarial present values of accumulated Plan benefits at June 30, 2023 and 2022, and the changes therein for years then ended, have been estimated by the Plan's actuary based on the actuarial valuations as of January 1, 2023 and 2022, respectively.

Effective January 1, 2013, the Organization froze the Plan benefits, and employees will receive the benefits already accrued, but new benefits that accrue after January 1, 2013 will be on a cash balance basis. Therefore, each participant will receive a pay credit based on total years of service with the Organization and based on 2% of pay for 1 – 10 years, 2.5% of pay for 11- 20 years and 3.0% of pay for 21+ years, where one year of service is defined as 1,000 hours if hired before January 1, 2010 and 1,500 hours if hired after January 1, 2010. The Organization will continue to make contributions to the Plan to maintain the required funding levels.

**CENTRO MATER CHILD CARE SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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**NOTE 5 – RETIREMENT PLAN (Continued)**

Effective January 1, 2013, the Organization will participate in a newly established Cash Balance Plan for all eligible employees in the Archdiocese, as well as make matching contributions to the 403(b) plan for eligible employees. The Organization made contributions of \$97,062 and \$100,536 as of June 30, 2023 and 2022, respectively.

The Organization participation in the Plan for the years ended June 30, 2023 and 2022 is outlined below.

- Pension fund name: Archdiocese of Miami Pension Plan.
- Employer identification number: 59-6220547
- Pension Protection Act Zone Status is *green* for the years ended June 30, 2023 and 2022, based on information that the Organization received from the Plan and certified by the Plan's actuary. Green status means that the Plan is at least 80 percent funded.
- A financial improvement plan (FIP) or a rehabilitation plan (RP) is not required.
- Organization contributions for the years ended June 30, 2023 and 2022 were \$257,817 and \$262,309, respectively, represents 1.8%, respectively, of total contributions to the Plan and are included in *benefits* in the accompanying statements of functional expenses.
- Total Plan contributions for the years ended June 30, 2023 and 2022 were approximately \$13,300,000 and \$13,400,000.
- No surcharge is imposed on Plan assets.

**NOTE 6 – RELATED PARTY TRANSACTIONS**

The Organization utilizes management services provided by Catholic Health Services, Inc. ("CHS"), an agency sponsored by the Archdiocese of Miami. Management fees paid to CHS for the years ended June 30, 2023 and 2022 were \$736,474 and \$650,862, respectively.

The Organization participates in the Archdiocese of Miami's self-insurance program providing coverage for property and liability losses. Self-insurance losses up to \$250,000 on an individual occurrence basis are absorbed by the Archdiocese of Miami. Losses in excess of the above limits are covered by excess insurance policies. It is the policy of the Archdiocese of Miami to charge the cost of the self-insurance program to participants. The Organization contributed \$294,199 and \$255,705 to the self-insurance program during the years ended June 30, 2023 and 2022, respectively.

The Organization also participates in the pension (Note 5) and health and welfare plans sponsored by the Archdiocese of Miami. Contribution to the health and welfare plan, which provides defined health benefits (dental and major medical) to eligible employees of the Organization were \$595,290 and \$564,443 for the years ended June 30, 2023 and 2022 and are included in benefits in the accompanying statements of functional expenses.

At June 30, 2023 and 2022, the Organization owes affiliated entities \$81,534 and \$64,795, respectively which bears no interest rate and is expected to be repaid within one year.

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

Operating Leases – The Organization conducts certain operations in leased facilities and uses equipment under operating leases expiring at various times with varying renewal options. The total rent expense pursuant to these leases amounted to \$60,433 and \$66,527 for the years ended June 30, 2023 and 2022, respectively.



**CENTRO MATER CHILD CARE SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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NOTE 7 – COMMITMENTS AND CONTINGENCIES (Continued)

Total future minimum lease payments under the operating leases subsequent to June 30, 2023 are as follows:

2024                      \$     60,196

Support from Outside Agencies – The Organization receives a substantial amount of its support from grants from federal, state, and local governmental agencies. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Organization’s services and activities. Also, grants are subject to special audits. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined. However, management is of the opinion that no material liability would result from such audits.

NOTE 8 – LIQUIDITY

The following table reflects the Organization’s financial assets as of June 30, 2023 and 2022, respectively, reduced by amounts not available for general use within one year as of June 30, 2023 and 2022, respectively, because of the contractual or donor-imposed restrictions or internal designations:

	2023	2022
Financial assets at year-end:		
Cash	\$2,301,092	\$ 657,912
Accounts receivable, net	1,749,063	2,088,271
Total financial assets	4,050,155	2,746,183
Financial assets available to meet cash needs for general expenditures within one year	\$4,050,155	\$2,746,183

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

**SUPPLEMENTARY INFORMATION**

**CENTRO MATER CHILD CARE SERVICES, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Program Title-Grantor	Federal AL Number	Grant/ Contract number	Federal Expenditures
<b>U.S. Department of Agriculture Food and Nutrition Service:</b>			
Child and Adult Care Food Program:			
Passed through Florida Department of Health	10.558	S-2686	<u>\$ 1,361,425</u>
<b>Total U.S. Department of Agriculture Food and Nutrition Service</b>			<u>1,361,425</u>
<b>U.S. Department of Housing and Urban Development:</b>			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants:			
Passed through City of Miami	14.218	91-80362	<u>239,020</u>
<b>Total CDBG - Entitlement Grants Cluster</b>			<u>239,020</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>239,020</u>
<b>U.S. Department of Health and Human Services:</b>			
Head Start Program:			
Passed through Miami-Dade County	93.600	RFA13	4,238,120
Early Head Start Program:			
Passed through Miami-Dade County	93.600	RFA 13	1,008,629
Early Head Start Program:			
Passed through Miami-Dade County	93.600	RFA13	950,983
Head Start Program- CARES			
Passed through Miami-Dade County	93.600	RFA13	303,559
Early Head Start Program- CARES			
Passed through Miami-Dade County	93.600	RFA13	49,278
Early Head Start Expansion Program- CARES			
Passed through Miami-Dade County	93.600	RFA13	<u>38,491</u>
<b>Program Total</b>			<u>6,589,060</u>
Temporary Assistance for Needy Families:			
Passed through Early Learning Coalition	93.558	TANF	180,533
Passed through Early Learning Coalition	93.558	TANF MOE	<u>183,142</u>
<b>Program Total</b>			<u>363,675</u>
CCDF Cluster:			
Child Care and Development Block Grant:			
Passed through Early Learning Coalition	93.575	TANF Transfer to CCDF	210,902
Passed through Early Learning Coalition	93.575	CCDF Discretionary	554,828
Passed through Early Learning Coalition	93.575	CCDF Discretionary - ARPA	313,744
Passed through Early Learning Coalition	93.575	CCDF - ARPA	1,134,911
Child Care Mandatory and Matching Funds of the CCDF Program:			
Passed through Early Learning Coalition	93.596	CCDF Mandatory	82,535
Passed through Early Learning Coalition	93.596	CCDF Matching (Federal)	242,388
Passed through Early Learning Coalition	93.596	CCDF MOE	<u>51,235</u>
<b>Total CCDF Cluster</b>			<u>2,590,543</u>
Social Services Block Grant:			
Passed through Early Learning Coalition	93.667	SSBG	<u>932</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>9,544,210</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$11,144,655</u>
State Grantor/Pass-Through Grantor-Program Title	State CSFA Number	Grant/ Contract number	State Expenditures
<b>Department of Education and Commissioner of Education:</b>			
Voluntary Pre-Kindergarten Education Program			
Passed through Florida Department of Education	48.108	N/A	<u>\$ 875,880</u>
<b>Total Expenditures of State Financial Assistance</b>			<u>\$ 875,880</u>

See accompanying notes to this schedule.

**CENTRO MATER CHILD CARE SERVICES, INC.**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND**  
**STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE A – BASIS OF PRESENTATION**

The Schedules of Expenditures of Federal Awards and State Financial Assistance (the “Schedule”) represent all of the Federal awards and State Financial Assistance to the Organization during 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 presents only a selected portion of the operation of the Organization, it is not intended to and does 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) The Organization has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



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*

The Board of Directors  
Centro Mater Child Care Services, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Centro Mater Child Care Services, Inc., (the "Organization"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 4, 2023.

### Report on Internal Control Over Financial Reporting

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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 or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a 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 result 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 compliance. The 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.

Coral Gables, Florida  
October 4, 2023



CERTIFIED PUBLIC ACCOUNTANTS



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

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The Board of Directors  
Centro Mater Child Care Services, Inc.

**Report on Compliance for Each Major Federal Program and State Project**

**Opinion on Each Major Federal Program**

We have audited Centro Mater Child Care Services, Inc.'s (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the *OMB 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 the Organization's major federal programs for the year ended June 30, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2023.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

## **Responsibilities of Management for Compliance**

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

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and 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 the Organization's 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*, and 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 the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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



## Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance 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 4, 2023

**CENTRO MATER CHILD CARE SERVICES, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS- FEDERAL PROGRAMS AND  
STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2023**

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SECTION I - SUMMARY OF AUDITOR'S RESULTS

*Financial Statements*

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP?

*Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

*Federal Awards*

Type of auditor's report issued on compliance for major programs:

*Unmodified*

Internal control over major federal programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified?  yes  none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?  yes  no

Identification of major federal programs:

<b>Federal Program or Cluster</b>	<b>ALN/CSFA Number</b>	<b>Expenditures</b>
U.S. Dept. of Agriculture Food and Nutrition Services: Child and Adult Care Food Program	10.558	\$ 1,361,425
U.S. Dept. of Health and Human Services: Child Care and Development Block Grant Child Care Mandatory and Matching Funds of the CCDF Program	93.575 93.596	\$ 2,214,385 \$ 376,158
State Projects:		
Florida Department of Education Voluntary Pre-kindergarten education Program	48.108	\$ 875,880

**CENTRO MATER CHILD CARE SERVICES, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS- FEDERAL PROGRAMS AND  
STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2023**

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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 distinguish between type A and  
Type B state projects: \$ 300,000

**SECTION II - FINDINGS - FINANCIAL STATEMENT AUDIT**

None for the year ended June 30, 2023.

**SECTION III - FINDINGS - MAJOR FEDERAL AWARD PROGRAMS**

None for the year ended June 30, 2023.

**SECTION IV - SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

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.
3. No corrective action plan is required because there were no findings required to be reported under the Uniform Guidance.