

**CATHOLIC CHARITIES, DIOCESE OF  
ST. PETERSBURG, INC. AND AFFILIATES**

**COMBINED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**JUNE 30, 2020 AND 2019**

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES**  
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**JUNE 30, 2020 AND 2019**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Catholic Charities, Diocese of St. Petersburg, Inc. and Affiliates

### Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Catholic Charities, Diocese of St. Petersburg, Inc. and Affiliates (a nonprofit organization), which comprise the combined statement of financial position as of June 30, 2020 and the related combined statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the combined financial statements.

### Management's Responsibility for the Combined Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities, Diocese of St. Petersburg, Inc. and Affiliates as of June 30, 2020 and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited Catholic Charities, Diocese of St. Petersburg, Inc. and Affiliates' 2019 combined financial statements and have expressed an unmodified audit opinion on those audited combined financial statements in our report dated December 11, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information on Pages 25 through 31 is presented for purposes of additional analysis and is not a required part of the combined financial statements. The accompanying schedule 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 by *Chapter 10.650, Rules of the State of Florida Auditor General*, is presented for purposes of additional analysis and is also not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined 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 December 17, 2020, on the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Warren Averett, LLC*

Tampa, Florida  
December 17, 2020

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES**  
**COMBINED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

<b>ASSETS</b>	<b>2020</b>	<b>2019</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,498,124	\$ 1,276,134
Restricted cash	1,959,014	1,424,436
Receivables:		
Grants and contracts	416,839	835,802
Tenant rents receivable, net of allowance for doubtful accounts of approximately \$35,000 and \$25,000 at June 30, 2020 and 2019, respectively	70,424	61,447
Contributions	31,824	14,836
Other	63,929	224,108
Prepaid expenses and other current assets	89,911	104,696
Total current assets	5,130,065	3,941,459
<b>PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION</b>	33,468,107	31,523,876
<b>OTHER ASSETS</b>		
Investments in common stock	27,128	33,251
Cash restricted for long-term investment by donor	97,513	97,513
Receivable from charitable remainder unitrust	169,609	137,099
Other	99,993	90,180
Total other assets	394,243	358,043
	\$ 38,992,415	\$ 35,823,378
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Line of credit	\$ 23,744	\$ 301,033
Current maturities of long-term debt	1,248,292	2,025,576
Accounts payable	498,951	1,229,315
Accrued expenses	595,400	509,204
Deferred revenue	183,885	243,840
Total current liabilities	2,550,272	4,308,968
<b>LONG-TERM LIABILITIES</b>		
Advance from United States Conference of Catholic Bishops	23,500	23,500
Long-term debt, net of unamortized discounts and current maturities	18,247,212	13,779,482
Total long-term liabilities	18,270,712	13,802,982
<b>NET ASSETS</b>		
Without donor restrictions	(293,789)	(1,309,547)
With donor restrictions	18,465,220	19,020,975
Total net assets	18,171,431	17,711,428
	\$ 38,992,415	\$ 35,823,378

See notes to the combined financial statements.

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES**  
**COMBINED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
**(WITH COMPARATIVE BALANCES FOR 2019)**

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2020	2019
<b>PRIVATE SUPPORT</b>				
Contributions	\$ 1,339,174	\$ 252,236	\$ 1,591,410	\$ 986,560
Special events, net	176,109	-	176,109	278,702
Diocesan subsidy	2,566,167	-	2,566,167	1,000,000
In-kind revenues	997,791	-	997,791	1,141,133
United Way	228,172	1,109	229,281	330,476
Total private support	<u>5,307,413</u>	<u>253,345</u>	<u>5,560,758</u>	<u>3,736,871</u>
<b>PUBLIC SUPPORT AND OTHER REVENUE</b>				
Grants:				
Federal, state, and local	4,283,238	372,564	4,655,802	5,005,704
Private foundation	290,954	-	290,954	296,234
Client service fees	902,443	-	902,443	953,001
Interest and investment income	26,591	-	26,591	25,365
Rental income	4,211,640	-	4,211,640	3,766,854
Management fee income	746,468	-	746,468	699,246
Other income	332,303	229,273	561,576	526,014
Total public support and other revenue	<u>10,793,637</u>	<u>601,837</u>	<u>11,395,474</u>	<u>11,272,418</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>				
Expiration of time restrictions on capital assets	410,467	(410,467)	-	-
Expiration of other time restrictions	523,304	(523,304)	-	-
Satisfaction of donor use restrictions	477,166	(477,166)	-	-
Total net assets released from restrictions	<u>1,410,937</u>	<u>(1,410,937)</u>	<u>-</u>	<u>-</u>
<b>TOTAL SUPPORT, REVENUE, AND NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>17,511,987</u>	<u>(555,755)</u>	<u>16,956,232</u>	<u>15,009,289</u>
<b>EXPENSES</b>				
Program services	14,645,708	-	14,645,708	15,508,298
<b>SUPPORTING SERVICES</b>				
Management and general	1,624,510	-	1,624,510	1,774,179
Development and marketing	180,918	-	180,918	225,026
Total supporting services	<u>1,805,428</u>	<u>-</u>	<u>1,805,428</u>	<u>1,999,205</u>
<b>TOTAL EXPENSES</b>	<u>16,451,136</u>	<u>-</u>	<u>16,451,136</u>	<u>17,507,503</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<u>1,060,851</u>	<u>(555,755)</u>	<u>505,096</u>	<u>(2,498,214)</u>
<b>OTHER CHANGES</b>				
Net unrealized loss on investment in common stock	(6,123)	-	(6,123)	(476)
Loss on disposal of property and equipment	(38,970)	-	(38,970)	(38,626)
Total other changes	<u>(45,093)</u>	<u>-</u>	<u>(45,093)</u>	<u>(39,102)</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	1,015,758	(555,755)	460,003	(2,537,316)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>(1,309,547)</u>	<u>19,020,975</u>	<u>17,711,428</u>	<u>20,248,744</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ (293,789)</u>	<u>\$ 18,465,220</u>	<u>\$ 18,171,431</u>	<u>\$ 17,711,428</u>

See notes to the combined financial statements.

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES**  
**COMBINED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 460,003	\$ (2,537,316)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,116,116	1,973,086
Loss on disposal of property and equipment	38,970	38,626
Provision for allowance for doubtful accounts	9,569	(42,160)
Net unrealized loss on investment in common stock	6,123	476
Amortization of discount on long-term debt	487,056	508,534
Change in value of charitable remainder unitrust	(32,510)	(5,253)
Noncash contributions arising from reductions of principal debt balances	(132,500)	(265,000)
Noncash contributions arising from below market interest loans	(196,763)	(143,687)
Noncash contributions arising from donation of property and equipment	(1,392,284)	-
Increase in:		
Receivables	543,608	282,627
Prepaid expenses and other assets	4,972	89,962
Increase (decrease) in:		
Accounts payable	(730,364)	645,823
Accrued expenses	86,196	73,911
Deferred revenue	(59,955)	73,612
Total adjustments	748,234	3,230,557
Net cash provided by operating activities	1,208,237	693,241
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property and equipment	242,869	981,712
Purchase of property and equipment	(972,902)	(1,165,105)
Net cash used in investing activities	(730,033)	(183,393)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of long-term debt	5,118,883	150,790
Payments on long-term debt	(3,563,230)	(448,227)
Proceeds from line of credit	3,657,031	6,676,249
Payments on line of credit	(3,934,320)	(6,559,072)
Net cash provided by (used in) financing activities	1,278,364	(180,260)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	1,756,568	329,588
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	2,798,083	2,468,495
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 4,554,651	\$ 2,798,083

See notes to the combined financial statements.

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES  
 COMBINED STATEMENTS OF CASH FLOWS - CONTINUED  
 FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION AND NONCASH INVESTING AND FINANCING ACTIVITIES</b>	<u><b>2020</b></u>	<u><b>2019</b></u>
Cash paid during the year for interest	\$ 200,509	\$ 140,335
Property and equipment acquired via long-term debt	<u>\$ 1,977,000</u>	<u>\$ 350,000</u>

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the combined statements of financial position to the total shown in the combined statements of cash flows:

	<u><b>2020</b></u>	<u><b>2019</b></u>
Cash and cash equivalents	\$ 2,498,124	\$ 1,276,134
Restricted cash - current	1,959,014	1,424,436
Restricted cash - other	97,513	97,513
	<u>\$ 4,554,651</u>	<u>\$ 2,798,083</u>

See notes to the combined financial statements.



**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
**(WITH COMPARATIVE BALANCES FOR 2019)**

	PROGRAM SERVICES						PREGNANCY, PARENTING SUPPORT, AND ADOPTION PROGRAMS	PATHWAYS
	FAMILY HOUSING	TEMPORARY SUPPORTIVE HOUSING	PERMANENT SUPPORTIVE HOUSING	MIGRANT FARM WORKER HOUSING	OTHER HOUSING PROGRAMS	IMMIGRATION AND REFUGEE PROGRAMS		
<b>SALARIES</b>								
Employee salaries	\$ 185,553	\$ 725,132	\$ 381,813	\$ 128,947	\$ 452,856	\$ 283,136	\$ 548,518	\$ 317,006
Employee benefits	67,774	238,158	137,705	49,506	157,006	92,616	134,419	110,270
Employee payroll taxes	15,823	57,140	29,398	8,787	33,259	24,063	43,810	25,828
	<u>269,150</u>	<u>1,020,430</u>	<u>548,916</u>	<u>187,240</u>	<u>643,121</u>	<u>399,815</u>	<u>726,747</u>	<u>453,104</u>
<b>OPERATING EXPENSES</b>								
Contractor expenses	9,634	120,396	9,925	24,040	3,624	2,122	6,599	11,195
Professional fees	190,374	27,046	123,504	6,817	194	89	53,605	-
Travel expenses	3,605	5,474	4,931	1,357	6,706	11,757	17,164	13,295
Occupancy	696,599	379,290	222,413	229,010	74,909	28,907	109,331	25,231
Communications	7,834	14,872	9,204	2,641	10,152	8,510	18,901	10,652
Operating supplies	13,405	153,723	18,903	7,903	2,820	9,416	26,409	8,868
Printing and publications	330	206	-	-	38	319	1,231	95
Equipment	5,385	42,065	15,882	12,665	9,662	12,582	20,595	11,117
Computer expenses	20,630	17,930	11,964	8,597	5,612	10,083	10,719	5,995
Insurance	194,946	35,509	87,654	105,475	6,493	5,340	9,724	3,172
Dues, memberships, and subscriptions	938	129	125	-	470	800	877	-
Assistance to individuals	541	2,981	579,791	-	59,605	392	51,472	1,573,742
In-kind	-	695,082	-	5,040	-	-	253,581	-
Interest	263,096	4	152,507	274,226	4,162	804	507	698
Depreciation and amortization	727,372	127,473	528,090	455,337	44,307	8,556	70,619	24,198
Other	114,353	5,733	44,963	3,667	32,838	8,177	40,615	1,158
	<u>2,249,042</u>	<u>1,627,913</u>	<u>1,809,856</u>	<u>1,136,775</u>	<u>261,592</u>	<u>107,854</u>	<u>691,949</u>	<u>1,689,416</u>
<b>TOTAL EXPENSES</b>	<u>\$ 2,518,192</u>	<u>\$ 2,648,343</u>	<u>\$ 2,358,772</u>	<u>\$ 1,324,015</u>	<u>\$ 904,713</u>	<u>\$ 507,669</u>	<u>\$ 1,418,696</u>	<u>\$ 2,142,520</u>

See notes to the combined financial statements.

PROGRAM SERVICES				SUPPORTING SERVICES			TOTAL EXPENSES	
DISASTER RELIEF	FREE MEDICAL CLINICS	OTHER PROGRAM SERVICES	TOTAL PROGRAM SERVICES	MANAGEMENT & GENERAL	DEVELOPMENT & MARKETING	TOTAL SUPPORTING SERVICES	2020	2019
\$ 3,733	\$ 23,833	\$ 89,710	\$ 3,140,237	\$ 702,776	\$ 90,916	\$ 793,692	\$ 3,933,929	\$ 4,608,708
11,345	16,357	21,582	1,036,738	255,530	23,380	278,910	1,315,648	1,508,210
494	2,229	6,975	247,806	49,481	12,069	61,550	309,356	364,499
15,572	42,419	118,267	4,424,781	1,007,787	126,365	1,134,152	5,558,933	6,481,417
-	37,215	599	225,349	15,614	1,158	16,772	242,121	304,469
-	6,423	-	408,052	107,047	3,010	110,057	518,109	614,049
713	520	883	66,405	18,462	734	19,196	85,601	123,079
527	3,333	59,582	1,829,132	47,050	6,914	53,964	1,883,096	1,904,074
1,056	2,523	5,777	92,122	19,877	3,053	22,930	115,052	146,850
68	15,238	325	257,078	7,795	328	8,123	265,201	275,522
-	73	19	2,311	229	-	229	2,540	8,377
257	2,407	11,981	144,598	24,184	2,999	27,183	171,781	193,772
151	2,375	3,931	97,987	206,530	20,784	227,314	325,301	283,349
467	5,126	5,656	459,562	33,874	1,993	35,867	495,429	486,907
-	218	160	3,717	26,970	-	26,970	30,687	25,609
328,311	1,941	17,335	2,616,111	-	-	-	2,616,111	2,537,137
-	19,949	24,139	997,791	-	-	-	997,791	1,141,133
11	-	77	696,092	10,702	365	11,067	707,159	680,007
597	13,014	72,562	2,072,125	38,020	5,971	43,991	2,116,116	1,973,086
12	34	945	252,495	60,369	7,244	67,613	320,108	328,666
332,170	110,389	203,971	10,220,927	616,723	54,553	671,276	10,892,203	11,026,086
<u>\$ 347,742</u>	<u>\$ 152,808</u>	<u>\$ 322,238</u>	<u>\$ 14,645,708</u>	<u>\$ 1,624,510</u>	<u>\$ 180,918</u>	<u>\$ 1,805,428</u>	<u>\$ 16,451,136</u>	<u>\$ 17,507,503</u>

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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**1. DESCRIPTION OF BUSINESS**

Catholic Charities, Diocese of St. Petersburg, Inc. (the “Diocese”) and its affiliates, Catholic Charities Housing, Inc., Catholic Charities Foundation of Tampa Bay, Inc., Catholic Charities Community Development Corporation, Catholic Charities - Arbor Villas, Inc., Catholic Charities - Riviera Manor, Inc., Catholic Charities - The Palms at University, Inc., Catholic Charities - Fountain View, Inc., Catholic Charities - Palm Island, Inc., Catholic Charities - Pinellas Village, Inc., and Benedict Haven, Inc. (collectively referred to as the “Organization”) were incorporated in the State of Florida, are under common control, and are voluntary health and welfare agencies that provide a variety of services to individuals in need in the Tampa Bay, Florida area. The Organization’s headquarters is located in St. Petersburg, Florida.

Services provided by the Organization include disaster relief, pregnancy-related programs, affordable medical clinics, child placement services, services to the elderly and persons with AIDS, homeless shelter and homeless prevention services, immigration and refugee services, veterans programs, disability programs, and low cost housing. The agency serves residents of Citrus, Hernando, Hillsborough, Pasco, and Pinellas counties regardless of race, creed, gender, national origin, handicapping condition, or socio-economic status.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Principles of Combination**

The accompanying combined financial statements include the accounts of the Organization. Significant intercompany transactions and balances have been eliminated in combination.

**Basis of Accounting**

The combined financial statements of the Organization are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Use of Estimates**

The preparation of combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

**Net Assets**

The net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing objectives of the Organization. These net assets may be used at the discretion of management and the Board of Directors. The Board of Directors may elect to designate a portion of these net assets for specific purposes and also has the power to remove such designation at their discretion.

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, and those restrictions will be met by the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the combined statement of activities. As of June 30, 2020 and 2019, the Organization's net assets with donor restrictions consist of the following:

	<u>2020</u>	<u>2019</u>
Contributions restricted for program activities	\$ 802,891	\$ 645,555
Capital expenditures	178,042	153,870
Facilities subject to time restrictions	6,383,415	6,765,008
Charitable remainder unitrust	169,609	137,099
Unamortized discounts on below market loans	10,833,750	11,221,930
Permanently restricted endowment *	97,513	97,513
	<u>\$ 18,465,220</u>	<u>\$ 19,020,975</u>

\* Earnings on the endowment are available for unrestricted use.

**Cash and Cash Equivalents**

Cash equivalents consist of all highly liquid investments purchased with an original maturity of three months or less.

Cash and cash equivalents are primarily maintained at major financial institutions and, at times, balances may exceed federally insured limits. The Organization has not experienced any losses related to these balances. Included in cash and cash equivalents are approximately \$1,492,000 and \$920,000 of deposits held at the Diocese that are not covered by federal deposit insurance at June 30, 2020 and 2019, respectively.

**Grants and Contracts Receivable**

The Organization earns revenue from federal, state, county, and city grants on a cost reimbursement basis. Grant revenue for cost reimbursement grants is recognized as an increase in net assets without donor restrictions in the period during which the related costs are incurred, provided that the conditions under which the grants were awarded have been met and the Organization has only perfunctory obligations outstanding. Grants and contracts receivable consist of amounts to be reimbursed under these grants and contracts. An allowance for uncollectible accounts was not considered necessary at June 30, 2020 and 2019 as all grants and contracts are deemed to be collectible.

All applicable match requirements have been met for the Organization's major federal program grant contracts for the years ended June 30, 2020 and 2019.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

The Organization receives a significant portion of its support and revenue from federal, state, and local government agencies in the form of performance and expense reimbursement contracts. Continuation of the Organization's program services is greatly dependent upon the continued support of these agencies. The Organization's grants and contract receivables at June 30, 2020 and 2019 are primarily due from the aforementioned governmental agencies.

**Tenant Rents Receivable**

Tenant rents receivable consist of receivables due from tenants for rental income and are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on these receivables using an allowance method. The allowance is based on historical experience and other circumstances, which may affect the ability of tenants to meet their obligations. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected. Based on management's review of tenant rents receivable, an allowance for doubtful accounts of approximately \$35,000 and \$25,000 is considered adequate at June 30, 2020 and 2019, respectively.

**Contributions Receivable**

Contributions receivable consist of unconditional promises to give that are expected to be realized in one year or less and are classified as net assets with donor restrictions. Management has determined that these receivables are fully collectible; therefore, an allowance for uncollectible accounts is not considered necessary at June 30, 2020 and 2019.

**Investments**

The Organization carries investments in common stock at their fair values based on quoted market prices. Realized and unrealized gains and losses are reported in the accompanying combined statement of activities. Investment earnings, including dividends and interest, are recognized as income when earned. Investment securities can be exposed to several risks, such as interest rate, market, and credit risks. Restrictions on investment earnings are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the earnings are reported.

**Property and Equipment**

Property and equipment are stated at cost if purchased or at estimated fair value at date of receipt if acquired by gift. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the lease term or estimated useful life of the asset. Expenditures for property and equipment in excess of \$1,000 and with a useful life of at least one year are capitalized. Property acquired with governmental funds is considered to be owned by the Organization while used in the program for which it was purchased or in future authorized programs; however, its disposition, as well as ownership of any proceeds received therefrom, is subject to applicable regulations. The estimated useful lives of related asset classes are as follows:

Buildings and improvements	7 to 40 years
Leasehold improvements	5 to 15 years
Furniture and equipment	3 to 10 years
Vehicles	3 to 5 years

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Contributions**

During the year ended June 30, 2020, the Organization adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU No. 2018-08 requires that unconditional contributions (those that do not include a measurable performance-related or other barrier, or those in which the Organization has limited discretion over how the contribution should be spent) are recognized as revenues in the period received and are reported as increases in the appropriate categories of net assets in accordance with donor restrictions. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Contributions that include a measurable barrier or those for which the Organization has limited discretion over how the contributions should be spent are recorded as conditional contributions. Conditional contributions are not recognized until they have become unconditional; that is, when the conditions surrounding the indications of the barrier have been met. The adoption of ASU No. 2018-08 did not have an impact on the Organization's financial statements and, at June 30, 2020 and 2019, the Organization did not have any conditional contributions.

**Special Events**

Revenue and support earned from special events are recorded when the event takes place.

**Rental Income**

Rental revenue earned from tenants is recognized ratably over the term of the lease agreement, which is typically one year. Amounts received in advance and security deposits are deferred until earned or returned to the tenant.

**Client Service Fees**

Client service fees consist of services for immigration, adoption, and pregnancy care services, and are recognized as revenue as services are performed.

**Donated Materials and Services**

Donations of materials are recorded as support at their estimated fair value at the date of the donation.

The Organization reports revenue for the fair value of donated services received when the services require specialized skills, are provided by individuals possessing those skills, and represent services that would have been purchased had they not been donated.

**Functional Allocation of Expenses**

The costs of various programs and other activities have been summarized on a functional basis in the combined statement of activities. Direct costs are direct charges identified to a specific program. Indirect costs are costs that cannot be identified to a specific program. The cost of utilities, building security, and other occupancy costs are allocated based on square footage utilized by the program. Other indirect program costs are allocated based on full-time employees working in the program.

Administrative costs are the cost for executive administration, financial administration, human resources, and information service oversight of each program. These costs are generally allocated based on a percentage of each program's cost to overall program expenses.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Income Taxes**

The Organization is exempt from federal and state income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes. Accordingly, no provision for income taxes is reflected in the accompanying combined financial statements. Management is not aware of any activities that would jeopardize the Organization’s tax exempt status or of any tax positions the Organization has taken that are subject to a significant degree of uncertainty.

**Reclassifications**

Certain minor reclassifications have been made to the 2019 combined financial statements in order to conform to the classifications used in 2020.

**Impact of Recently Issued Accounting Pronouncements**

On May 28, 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of combined financial statements with comprehensive information about the nature, amount, timing, and uncertainty of the revenue and cash flows arising from the company’s contracts with customers. This standard has been delayed to be effective for the fiscal year ending June 30, 2021. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the combined financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This guidance amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their statement of financial position. It also makes targeted changes to lessor accounting, including a change to the treatment of initial direct leasing costs, which no longer considers fixed internal leasing salaries as capitalizable costs. This standard was also delayed and will now be effective for the fiscal year ending June 30, 2023. Management is currently in the process of evaluating the impact of this ASU on the combined financial statements.

**3. LIQUIDITY AND AVAILABILITY**

At June 30, 2020 and 2019, the Organization has the following amounts available to cover general expenditures:

	<u>2020</u>	<u>2019</u>
Unrestricted cash and cash equivalents	\$ 2,498,124	\$ 1,276,134
Receivables	583,016	1,136,193
Other	14,327	15,425
	<u>\$ 3,095,467</u>	<u>\$ 2,427,752</u>

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**3. LIQUIDITY AND AVAILABILITY – CONTINUED**

The Organization receives significant grants and contributions from donors and considers those that are designated for activities related to ongoing, major, and central operations to be available to meet cash needs for general expenditures. The Organization also receives cash from service fees, rental income, and management fees that is available to cover general expenses. The Organization manages its liquidity and reserves to operate with a prudent range of financial soundness and stability to maintain adequate liquid assets and to fund near-term operating needs. The Organization strives to maintain financial assets to cover a minimum of three months of expenditures.

**4. RESTRICTED CASH**

Restricted cash consists of the following:

	<u>2020</u>	<u>2019</u>
Cash restricted for:		
Reserves for replacement	\$ 1,431,330	\$ 1,124,118
Various programs	357,525	156,186
Tenant security deposits	170,159	143,125
Long-term investment	97,513	97,513
Other	-	1,007
	<u>\$ 2,056,527</u>	<u>\$ 1,521,949</u>

Restricted cash is included with cash and cash equivalents for purposes of cash flow reporting.

**5. PROPERTY AND EQUIPMENT**

Property and equipment consist of:

	<u>2020</u>	<u>2019</u>
Land	\$ 3,523,978	\$ 3,504,863
Buildings and improvements	48,440,561	44,990,750
Leasehold improvements	124,889	124,889
Vehicles	427,419	431,837
Furniture and equipment	2,530,370	2,421,695
Construction in progress	314,526	87,590
	<u>55,361,743</u>	<u>51,561,624</u>
Less depreciation	21,893,636	20,037,748
	<u>\$ 33,468,107</u>	<u>\$ 31,523,876</u>



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**5. PROPERTY AND EQUIPMENT – CONTINUED**

Depreciation expense for the years ended June 30, 2020 and 2019 was approximately \$2,116,000 and \$1,973,000, respectively. Certain buildings and improvements have been funded by governmental grants subject to land use restriction agreements, which require the Organization to use the corresponding facility for its intended purpose for a specified period.

**6. CHARITABLE REMAINDER UNITRUST**

The Organization has been named the remainder beneficiary in a charitable remainder unitrust. Under the terms of the agreement, payments are required to be made to the donor at a set percentage of the fair market value of the trust's assets as of the beginning of each year until the death of the last surviving donor. Upon the death of the last surviving donor, the Organization will receive a portion of the remaining principal in the trust. The receivable from the trust is stated at the actuarial present value of the estimated future benefits to be received when the assets of the trust are distributed, using a discount rate of 3.17%. The receivable will be adjusted in future periods to reflect accretion of the original discount. The charitable remainder unitrust receivable amounted to approximately \$170,000 and \$137,000 at June 30, 2020 and 2019, respectively.

**7. LINE OF CREDIT**

The Organization has a revolving line of credit with a commercial bank that allows the Organization to borrow up to \$600,000 at the one-month LIBOR rate, plus .97% through August 1, 2021. The line is secured by the depository and investment accounts held at the commercial bank and is guaranteed by the Diocese. The outstanding balance on the line of credit was approximately \$24,000 and \$301,000 at June 30, 2020 and 2019, respectively.

**8. LONG-TERM DEBT**

Long-term debt consists of the following:

	2020	2019
<u>Jeff Forbes Center, Tampa Center, San Jose Mission I, Ruskin</u> Industrial revenue bonds (5.4%); monthly payments of principal and interest at 0.67% of LIBOR, plus 2% through January 2023 (2.05% and 3.08% at June 30, 2020 and 2019, respectively); secured by real property; the Organization is required to maintain certain financial ratios, which it was in compliance with as of June 30, 2020 and 2019	\$ 286,468	\$ 422,539
<u>San Jose Mission I - Hillsborough County</u> Mortgage note payable with graduated interest rates from 0% to 2% (1.25% at June 30, 2020 and 2019); monthly interest only payments through 2043; final balloon payment due in 2043; present value, net of unamortized discount, is \$349,183 and \$339,182 at June 30, 2020 and 2019, respectively	750,000	750,000

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**8. LONG-TERM DEBT – CONTINUED**

	<u>2020</u>	<u>2019</u>
<u>San Jose Mission I - Florida Community Loan Foundation</u> Mortgage note payable (6.25%); monthly installments of \$2,327, including interest through May 2021; balloon payment due June 2021; secured by real property	282,458	291,515
<u>San Jose Mission - Hillsborough County HOME, SHIP, CDBG</u> Promissory notes payable to Hillsborough County; non-interest bearing; annual installments ranging from \$14,286 to \$62,789 through 2040; payments are contingent upon positive cash flows of the financed property; secured by real property; present value, net of unamortized discount, is \$2,138,286 and \$2,067,506 at June 30, 2020 and 2019, respectively	3,478,058	3,478,058
<u>San Jose Mission II</u> Mortgage note payable (1%) to USDA; monthly installments of \$2,885, including interest through September 2043; secured by real property; present value, net of unamortized discount, is \$490,940 and \$502,776 at June 30, 2020 and 2019 respectively	718,022	745,762
<u>San Jose Mission III</u> Mortgage note payable (1%) to USDA; monthly installments of \$9,433, including interest through September 2043; secured by real property; present value, net of unamortized discount, is \$1,604,980 and \$1,639,362 at June 30, 2020 and 2019, respectively	2,347,356	2,433,732
<u>Woodrow Duplex</u> Non-interest bearing promissory note payable to City of Largo; monthly installments of \$654 through June 2030; secured by real property; present value, net of unamortized discount, is \$64,185 and \$68,281 at June 30, 2020 and 2019, respectively	80,841	88,071
<u>Small Business Association Paycheck Protection Program</u> 1.0% promissory note payable to a commercial bank due in monthly installments of \$57,633, including interest, starting December 2020 through May 2022; guaranteed by SBA; the Organization may apply for forgiveness of the loan based on eligible costs incurred during a specified period from the date of disbursement of the loan, as well as compliance with other requirements in the loan agreement	1,023,900	-

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**8. LONG-TERM DEBT – CONTINUED**

	2020	2019
<u>Pinellas Hope II</u>		
Non-interest bearing promissory note payable to Florida Housing Finance Corporation; stated value of \$3,000,000, of which \$750,000 is due and forgiven if certain compliance obligations are met throughout the loan period; conditions to receive the forgiveness are deemed to have been met in 2009; remaining principal balance due in August 2024; secured by real property; present value, net of unamortized discount, is \$1,779,601 and \$1,698,051 at June 30, 2020 and 2019, respectively	2,250,000	2,250,000
<u>Pinellas Hope II</u>		
Non-interest bearing note payable to a county government; stated value of \$999,999 due and to be forgiven in 2039 if certain compliance obligations are met throughout the loan period; conditions to receive the forgiveness are deemed to have been met in 2011; carried at a net value of \$0 at June 30, 2020 and 2019	-	-
<u>Pinellas Hope III</u>		
Non-interest bearing note payable to a county government; principal balance due and to be forgiven in July 2044 if certain compliance obligations are met throughout the loan period; secured by real property; construction completed during the year ended June 30, 2018; present net value, net of unamortized discount is, \$78,930 and \$75,931 at June 30, 2020 and 2019, respectively	200,000	200,000
<u>Pinellas Hope V</u>		
Non-interest bearing promissory notes to Florida Housing Finance Corporation; principal balance due and forgiven ratably at 5% per year through March 2035 if certain compliance obligations are met throughout the loan period; secured by real property; carried at net value of \$1,084,603 and \$1,160,785 at June 30, 2020 and 2019, respectively	2,252,500	2,385,000
<u>CCCCDC HUD Startup</u>		
Non-interest bearing note payable to the Diocese; unsecured; principal balance due at maturity on December 1, 2029; present value, net of unamortized discount, of \$109,258 and \$150,000 at June 30, 2020 and 2019, respectively	150,000	150,000

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**8. LONG-TERM DEBT – CONTINUED**

	<u>2020</u>	<u>2019</u>
<u>Arbor Villas</u> Non-interest bearing promissory note payable to Pasco County; principal balance due in January 2062; secured by real property; present value, net of unamortized discount, is \$560,371 and \$543,819 at June 30, 2020 and 2019, respectively	2,729,445	2,729,445
<u>Arbor Villas - SunTrust</u> Mortgage note payable (3%) to a commercial bank; monthly installments of \$3,333, plus interest, through August 2021; final balloon payment due September 2021; secured by real property; paid in full during 2020	-	135,000
<u>Fountain View</u> Non-interest bearing loan payable to City of St. Petersburg; payment deferred until October 31, 2042; annual installments of \$43,783 thereafter through July 2050; secured by real property; present value, net of unamortized discount, is \$317,203 and \$305,002 at June 30, 2020 and 2019, respectively	781,814	781,814
<u>Sand Dollar Apartments</u> Note payable (3%); annual installments of \$45,783, including interest through July 2050; payments are contingent upon positive cash flows of the financed property; remaining principal and accrued interest will be forgiven upon maturity if certain compliance obligations are met throughout the loan period; secured by real property; present value, net of unamortized discount, is \$2,931,226 and \$2,869,246 at June 30, 2020 and 2019, respectively	3,402,000	3,402,000
<u>The Palms at University - Hillsborough County</u> Non-interest bearing promissory note payable to Hillsborough County with a balloon payment due March 2035; secured by real property; present value, net of the unamortized discount, of \$63,507 and \$0 at June 30, 2020 and 2019, respectively	105,450	-
<u>Palm Island</u> Non-interest bearing note payable to Pasco County; annual installments of \$12,500 through April 2032; balloon payment for the balance due in 2062; present value, net of unamortized discount, is \$438,835 and \$392,302 at June 30, 2020 and 2019, respectively	1,267,750	1,280,250

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**8. LONG-TERM DEBT – CONTINUED**

	2020	2019
<u>Riviera Manor</u>		
Non-interest bearing promissory notes payable to the City of Tampa; principal balance due in April and August 2030; secured by real property; present value, net of unamortized discount, is \$1,209,815 and \$1,149,969 at June 30, 2020 and 2019, respectively	3,292,919	3,292,919
<u>Pinellas Village</u>		
Promissory note payable (3.6%) to a commercial bank; monthly installments of \$14,268, including interest, through April 2020; final balloon payment due in May 2020; guaranteed by the Diocese; property is subject to pre-existing land use restriction agreements with various funding sources; refinanced during 2020	-	1,398,839
<u>Pinellas Village</u>		
Promissory note payable (3.14%) to a commercial bank; monthly installments of \$14,791, including interest, starting January 2020 through December 2029; final balloon payment due in December 2029; guaranteed by the Diocese; property is subject to pre-existing land use restriction agreements with various funding sources	2,284,372	-
<u>Bella Vista Sun Trust Loan</u>		
Promissory note payable (3.14%) to a commercial bank; monthly installments of \$9,267, including interest, starting February 2020 through December 2029; final balloon payment due in December 2029; guaranteed by the Diocese; property is subject to pre-existing land use restriction agreements with various funding sources	1,628,173	-
<u>Bella Vista - Diocese of St. Petersburg Inc.</u>		
Non-interest bearing note payable to the Diocese; unsecured; principal balance due at maturity on November 30, 2029; present value, net of unamortized discount, of \$305,922 and \$0 at June 30, 2020 and 2019, respectively	420,000	-
<u>Pasco County ELI</u>		
Non-interest bearing promissory note to Pasco County; principal balance due on March 1, 2022 if certain conditions are met; renewable every 5 years for 10 years at the county's option; secured by real property; present value, net of unamortized discount, is \$87,173 and \$237,850 at June 30, 2020 and 2019, respectively	96,938	259,253

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**8. LONG-TERM DEBT – CONTINUED**

	<b>2020</b>	<b>2019</b>
<u>St. Teresa</u>		
Non-interest bearing promissory note to the Diocese; monthly principal payments of \$2,917 to begin April 2024 through 2029; present value, net of unamortized discount, is \$246,972 and \$237,587 at June 30, 2020 and 2019, respectively; secured by real property	350,000	350,000
 <u>Hillsborough County CDBG - San Jose Rehab</u>		
Non-interest bearing promissory note to Hillsborough County; principal balance due on September 15, 2024; principal balance will be forgiven if certain compliance obligations are met throughout the loan period; present value, net of unamortized discount, is \$129,144 and \$119,516 at June 30, 2020 and 2019, respectively; secured by real property	150,790	150,790
Total long-term debt	30,329,254	26,974,987
Less unamortized discounts	10,833,750	11,169,929
Less current maturities	1,248,292	2,025,576
Long-term debt, net of unamortized discounts and current maturities	\$ 18,247,212	\$ 13,779,482

The aggregate maturities of long-term debt before discounts for each of the five years subsequent to June 30, 2020 and thereafter are as follows:

<b>Year Ending June 30,</b>	
2021	\$ 1,248,292
2022	\$ 1,218,154
2023	\$ 501,228
2024	\$ 485,642
2025	\$ 2,921,640
Thereafter	\$ 23,954,298

Certain notes are non-interest bearing or have below market interest rates and, in certain cases, a portion of the original note is forgiven if the properties are operated for a minimum period of time. The Organization recognized restricted contributions for the difference between the face amount of each note and the fair value of each note using discount rates ranging from 3.95% to 4.91%, which were estimated at the time of loan inception or upon final draw on construction related loans, based on current rates offered to the Organization for debt of similar terms and maturities.

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**9. PENSION PLAN**

The Organization is a participant in the Pension Plan for Employees of the Entities of the Diocese of St. Petersburg, a noncontributory, multi-employer defined benefit pension plan sponsored by the Diocese. The plan generally provides retirement benefits to employees based on years of service to the Organization. The plan covers substantially all Organization employees who have met participation requirements. The Organization's policy is to make annual contributions to the plan equal to the net periodic pension costs, which includes amortization of past service costs over periods of 15 to 30 years. Contributions of approximately \$426,000 and \$413,000 for the years ended June 30, 2020 and 2019, respectively, were charged to pension expense for ongoing participation in the plan.

The risks of participating in this multi-employer defined benefit pension plan is different from single-employer plans because (a) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, (b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be required to be borne by the remaining participant employers, and (c) if the Organization chooses to stop participating in one of its multi-employer plans, it may be required to pay a withdrawal liability to the plan. The Organization has no plans to withdraw from any of its multi-employer pension plans.

At June 30, 2019, the most recent actuarial valuation, total plan assets were approximately \$208 million, the total actuarial present value of accumulated plan benefits was approximately \$220 million, and contributions from all employers for the year ended June 30, 2019 totaled approximately \$9 million. The plan is fully funded as of June 30, 2019. The Organization did not contribute more than 5% of total contributions to the plan.

**10. IN-KIND REVENUE AND EXPENSE**

Certain services and rent are provided to the Organization free or at a cost substantially less than fair market value. The difference between the actual charge and the estimated fair market value is reflected in the accompanying combined financials statements as in-kind revenue and expense. In-kind revenue and in-kind expense consist of the following:

	<u>2020</u>	<u>2019</u>
Services	\$ 27,499	\$ 58,914
Pregnancy and parenting support supplies	379,212	289,917
Pinellas Hope supplies	495,080	696,302
Land and office supplies	96,000	96,000
	<u>\$ 997,791</u>	<u>\$ 1,141,133</u>

Other volunteers have donated significant amounts of time to the Organization's programs, including elderly services, pregnancy support services, San Jose Mission, and Pinellas Hope. For the years ended June 30, 2020 and 2019, management estimated the fair value of 14,791 and 20,771 donated volunteer hours, respectively, to be approximately \$275,000 and \$364,000, respectively. These amounts are not reflected in the combined financial statements because the contributed services do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

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**11. LEASES**

The Organization leases office space and certain office equipment under noncancellable operating lease agreements. The lease agreements for office space provide for fixed monthly payments adjusted periodically for changes in the Consumer Price Index. Rent expense under operating leases was approximately \$182,000 and \$201,000 for the years ended June 30, 2020 and 2019, respectively.

Future minimum lease payments required under noncancellable operating leases (with initial or remaining lease terms in excess of one year) as of June 30, 2020 are as follows:

<b>Year Ending June 30,</b>	
2021	\$ 198,160
2022	\$ 164,250
2023	\$ 101,300
2024	\$ 38,200

**12. FAIR VALUE MEASUREMENTS**

Financial instruments measured at fair value are classified and disclosed in the following categories:

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments included in Level 1 are investments in corporate common stock.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. The fair value of the Organization's beneficial interest in assets held by the Community Foundation of Tampa Bay (the "Foundation") is based on valuation information provided by the Foundation which is primarily derived from or corroborated by observable market data as it relates to the Foundation's underlying investments.

Level 3 - Valuation is based on unobservable inputs. The Organization's receivable under a charitable remainder unitrust is considered a financial asset subject to the valuation hierarchy and has been classified as a Level 3 measurement since observable inputs are minimal. The Organization utilizes the discounted cash flow method to estimate the fair value of its Level 3 asset, the receivable from the charitable remainder unitrust. Significant unobservable inputs include a discount rate of 3.17% and an estimated life expectancy of 12 years.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.



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**12. FAIR VALUE MEASUREMENTS – CONTINUED**

The fair value of assets measured on a recurring basis as of June 30, 2020 and 2019 is as follows:

	<b>Fair Value Measurements at the End of the Reporting Period Using</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b><u>2020</u></b>				
Common stock	\$ 27,128	\$ 27,128	\$ -	\$ -
Receivable from charitable remainder unitrust	169,609	-	-	169,609
	<u>\$ 196,737</u>	<u>\$ 27,128</u>	<u>\$ -</u>	<u>\$ 169,609</u>
<b><u>2019</u></b>				
Common stock	\$ 33,251	\$ 33,251	\$ -	\$ -
Receivable from charitable remainder unitrust	137,099	-	-	137,099
	<u>\$ 170,350</u>	<u>\$ 33,251</u>	<u>\$ -</u>	<u>\$ 137,099</u>

The change in the Organization's Level 3 investments consists of unrealized gains of \$32,510 and \$5,253 for the years ended June 30, 2020 and 2019, respectively. This is included in other income on the accompanying combined statement of activities.

**13. CONTINGENCIES**

Government grants and certain debt that has been deemed forgiven require the fulfillment of certain conditions as set forth by applicable laws, rules, and regulations and in the grant agreements. Failure to fulfill the conditions could result in the return of the funds to the grantor. Any such settlements will be reflected in the year that they are determined to exist.

**14. RELATED PARTY TRANSACTIONS**

The Organization had cash deposits of approximately \$1,492,000 and \$920,000 with the Diocese at June 30, 2020 and 2019, respectively. Additionally, the Diocese provided support of approximately \$2,566,000 and \$1,000,000 to the Organization for the years ended June 30, 2020 and 2019, respectively. No additional support was provided during the years ended June 30, 2020 and 2019 for use in the subsequent year.

The Organization obtains all of its insurance coverage through pooled self-insurance funds of the Diocese. Insurance premiums paid to the Diocese were approximately \$2,184,000 and \$1,151,000 for the years ended June 30, 2020 and 2019, respectively. Included in accounts payable are amounts due to the Diocese of approximately \$0 and \$717,000 as of June 30, 2020 and 2019, respectively.

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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**14. RELATED PARTY TRANSACTIONS – CONTINUED**

The Organization has loans outstanding to the Diocese totaling \$920,000 and \$500,000 for the years ended June 30, 2020 and 2019, respectively (see Note 8).

The above terms and amounts are not necessarily indicative of the terms and amounts that would have been incurred or agreed to had comparable transactions been entered into with independent parties.

**15. SPECIAL EVENTS**

The Organization conducted a variety of special events during the years ended June 30, 2020 and 2019 to benefit its operations. Net special events revenue consists of the following:

	<u>2020</u>	<u>2019</u>
Gross special events revenue	\$ 234,636	\$ 326,604
Cost of special events	58,527	47,902
	<u>\$ 176,109</u>	<u>\$ 278,702</u>

**16. OTHER OPERATIONAL MATTERS**

Recently, the outbreak of the novel coronavirus has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus pandemic and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the novel coronavirus. Nevertheless, the novel coronavirus presents material uncertainty and risk with respect to the Organization, its performance, and its financial results.

As a result of the coronavirus outbreak, the Organization entered the following transactions:

- The Organization obtained a \$1,023,900 loan under the Paycheck Protection Program. The loan bears interest at 1% and no payments are due for six months from the date of first disbursement of the loan. The Organization may apply for forgiveness of the loan based on eligible costs incurred during a specified period from the date of disbursement of the loan, as well as compliance with other requirements in the loan agreement. The loan matures in May 2022.
- The Organization obtained numerous grants totaling approximately \$5,700,000 to assist the community.
- The Organization was requested to set up a temporary homeless shelter in the city of Tampa.

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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**17. SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through December 17, 2020, the date on which the combined financial statements were available to be issued.

Subsequent to year-end, the Organization was awarded funding to build Mercy Oaks Property from Hillsborough County. A mortgage of \$2,443,250 was obtained by the Organization from Hillsborough County with a zero percent interest rate with payments deferred until September 30, 2051.

## **SUPPLEMENTARY INFORMATION**

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Federal / State Agency Pass-through Entity Federal/ State Program	CFDA/ CSFA Number	Contract/ Grant Number	Expenditures
<b><u>U.S. Department of Agriculture</u></b>			
Farm Labor Housing Loans and Grants	10.405	Loan 001	\$ 495,835
		Loan 003	222,767
		Loan 005	1,899,401
		Loan 007	445,539
Subtotal - U.S. Department of Agriculture			<u>3,063,542</u>
<b><u>U.S. Department of Homeland Security</u></b>			
Passed-through from United Way Suncoast, Inc.:			
Emergency Food and Shelter National Board Program			
American Recovery and Reinvestment Act	97.024	N/A	120,486
Subtotal - U.S. Department of Homeland Security			<u>120,486</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Continuum of Care Program	14.267	FL0163L4H191710	27,230
		FL0163L4H191811	125,051
		FL0505L4H011704	431,422
		FL0505L4H011805	462,105
		FL0603L4H021702	51,202
		FL0603L4H021803	144,031
		FL0650L4H201701	49,679
		FL0650L4H201701	35,170
			<u>1,325,890</u>
Passed-through from the City of Tampa, Florida:			
Housing Opportunities for Persons with AIDS	14.241	PO119202958	108,368
		PO120201919	520,683
		PO119202835	64,610
		PO120205455	261,967
		PO118202591	1,415
		PO119202857	23,194
		PO120202456	59,380
			<u>1,039,617</u>
Passed-through from the City of Tampa, Florida:			
Emergency Solutions Grant Program	14.231	PO119203200	44,987
		PO120207161	219,051
Community Development Block Grant	14.218	HCD 19-041	50,000
		HCD 19-036	1,850
Community Development Block Grant/Entitlement Grants	14.218	N/A	2,942,919
			<u>3,258,807</u>

See notes to schedule of expenditures of federal awards and state financial assistance.

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE – CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Federal / State Agency Pass-through Entity Federal/ State Program	CFDA/ CSFA Number	Contract/ Grant Number	Expenditures
<b><u>U.S. Department of Housing and Urban Development (continued)</u></b>			
Passed-through from Hillsborough County, Florida:			
Emergency Solutions Grant Program	14.231	HESG	84,850
	14.231	Youth Rapid Rehousing	188,337
Community Development Block Grant/Entitlement Grants	14.218	08-0612	550,000
		18-1177	150,790
		B-15-UC-12-0002	105,450
HOME Investments Partnership Program	14.239	N/A	2,428,058
Community Development Block Grant/State Programs	14.218	N/A	3,507,450
			<u>7,014,935</u>
Passed-through from Catholic Charities USA:			
Housing Counseling Assistance Program	14.169	N/A	<u>3,310</u>
Passed-through from Pinellas County, Florida:			
Emergency Solutions Grant Program	14.231	ESG17CC	30,384
HOME Investments Partnership Program	14.239	N/A	200,000
			<u>230,384</u>
Passed-through from City of Largo, Florida:			
Community Development Block Grant/Entitlement Grants	14.218	N/A	<u>38,956</u>
Passed-through from City of Clearwater, Florida:			
HOME Investments Partnership Program	14.239	N/A	<u>25,000</u>
Passed-through from City of St. Petersburg, Florida:			
Community Development Block Grant/Entitlement Grants	14.218	B-16-MC-12-0017	10,801
	14.218	N/A	781,814
Emergency Solutions Grant Program	14.231	E-18-MC-12-0017	22,703
			<u>815,318</u>
Passed-through from Pasco County, Florida:			
American Recovery and Reinvestment Act	14.256	N/A	1,267,750
	14.256	N/A	2,729,445
Emergency Solutions Grant Program	14.231	N/A	15,000
	14.231	QPZ07	10,568
	14.231	N/A	11,482
Community Development Block Grant/Entitlement Grants	14.218	C41 CD19-0080	391
	14.218	C42 CD19-0081	6,209
			<u>4,040,845</u>
Passed-through from MidFlorida Homeless Coalition:			
Emergency Solutions Grant Program	14.231	PPZ55	(203)
Challenge Grant	14.231	PP402	6,556
			<u>6,353</u>
Subtotal - U.S. Department of Housing and Urban Development			<u>17,799,415</u>

See notes to schedule of expenditures of federal awards and state financial assistance.

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE – CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2020**

Federal / State Agency Pass-through Entity Federal/ State Program	CFDA/ CSFA Number	Contract/ Grant Number	Expenditures
<b><u>U.S. Department of Veterans Affairs</u></b>			
VA Homeless Providers Grant and Per Diem Program	64.024	CCDP805-0708-516-TP-19	183,200
Subtotal - U.S. Department of Veteran Affairs			183,200
<b>Total Federal Expenditures</b>			<b>\$ 21,166,643</b>
<b><u>State of Florida Department of Health</u></b>			
Passed-through Florida Pregnancy Care Network, Inc.: Pregnancy Support Services Program	64.080	N/A	\$ 241,239
Subtotal - State of Florida Department of Health			241,239
<b><u>State of Florida Housing Finance Corporation</u></b>			
Passed through Hillsborough County, Florida: State Housing Initiatives Partnership Program	40.901	02-0724 08-0611	500,000 750,000 1,250,000
Passed-through City of Tampa, Florida: State Housing Initiatives Partnership Program	40.901	N/A	350,000 350,000
Passed through Pasco County, Florida: State Housing Initiatives Partnership Program	40.901	N/A	115,117 115,117
Subtotal - State of Florida Housing Finance Corporation			1,715,117
<b>Total State Financial Assistance</b>			<b>\$ 1,956,356</b>

See notes to schedule of expenditures of federal awards and state financial assistance.

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2020**

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**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal and state grant activity of Catholic Charities, Diocese of St. Petersburg, Inc. and Affiliates (the "Organization") under programs of the federal government and state grant activity of the State of Florida for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and *Chapter 10.650, Rules of the State of Florida Auditor General*. Because the Schedule presents only a selected portion of the operations 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. All federal awards and state projects passed through other government agencies are included in the accompanying Schedule.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting and are recognized following the cost principles contained in *Title 2 U.S. Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

**3. SUBRECIPIENTS**

None of the expenditures of federal awards and state financial assistance included in the Schedule were paid or provided to subrecipients.

**4. INDIRECT COST RATE**

The Organization has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance, unless otherwise specifically required by applicable grant agreement or approved by the granting agency.

**5. CONTINGENCIES**

The programs shown in the Schedule are subject to financial and compliance audits by grantor agencies, which, if instances of material noncompliance are found, may result in disallowable expenditures and may affect the Organization's continued participation in specific programs. The amount of expenditures, if any, which may be disallowed by the grantor agencies cannot be determined at this time, although the Organization expects such amounts to be immaterial, if any.

**6. OUTSTANDING FEDERAL LOANS SUBJECT TO CONTINUING COMPLIANCE REQUIREMENTS**

Total federal loans outstanding at June 30, 2020 included on the Schedule for which the federal government imposes continuing compliance requirements amounted to \$17,727,218.



**SAN JOSE MISSION PHASE II AND III  
BALANCE SHEET  
JUNE 30, 2020**

<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents:	
Operating cash	\$ 12,629
Restricted reserve account	329,068
Restricted security deposits	8,355
Tenant rents receivable, net of allowance for doubtful accounts of \$507	4,702
Prepaid expenses and other current assets	129
Total current assets	<u>354,883</u>
<b>PROPERTY AND EQUIPMENT</b>	
Land	302,899
Buildings and improvements	7,913,319
Vehicles	5,951
Furniture and equipment	43,946
	<u>8,266,115</u>
Accumulated depreciation	<u>(2,430,048)</u>
Total property and equipment	<u>5,836,067</u>
	<u><u>\$ 6,190,950</u></u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>	
Current maturities of long-term debt	\$ 190,882
Accounts payable	5,679
Accrued expenses	12,242
Security deposit liability	7,450
Deferred revenue	1,958
Total current liabilities	<u>218,211</u>
<b>LONG-TERM LIABILITIES</b>	
Amounts due to affiliate	381,474
Long-term debt, net of unamortized discounts and current maturities	3,460,369
Total long-term liabilities	<u>3,841,843</u>
<b>NET ASSETS</b>	
Without donor restrictions	48,715
With donor restrictions	2,082,181
Total net assets	<u>2,130,896</u>
	<u><u>\$ 6,190,950</u></u>

See independent auditors' report.

**SAN JOSE MISSION PHASE II AND III  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE</b>			
Rental income	\$ 145,099	\$ -	\$ 145,099
USDA subsidy	244,497	-	244,497
Tenant charges	905	-	905
Security deposit forfeitures	1,459	-	1,459
Total revenue	<u>391,960</u>	<u>-</u>	<u>391,960</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Expiration of time restrictions on capital assets	163,143	(163,143)	-
Expiration of other time restrictions	137,131	(137,131)	-
Total net assets released from restrictions	<u>300,274</u>	<u>(300,274)</u>	<u>-</u>
<b>TOTAL REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS</b>			
	<u>692,234</u>	<u>(300,274)</u>	<u>391,960</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	43,475	-	43,475
Payroll taxes and benefits	19,814	-	19,814
Contractor expenses	8,465	-	8,465
Management fees	26,604	-	26,604
Utilities	57,646	-	57,646
Grounds maintenance and supplies	13,069	-	13,069
Security expenses	185	-	185
Insurance	25,167	-	25,167
Interest	160,836	-	160,836
Other	10,347	-	10,347
Depreciation	192,338	-	192,338
Total operating expenses	<u>557,946</u>	<u>-</u>	<u>557,946</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	134,288	(300,274)	(165,986)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>(85,573)</u>	<u>2,382,455</u>	<u>2,296,882</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 48,715</u>	<u>\$ 2,082,181</u>	<u>\$ 2,130,896</u>

See independent auditors' report.

**SAN JOSE MISSION PHASE II AND III  
STATEMENT OF CASH FLOWS – DIRECT METHOD  
FOR THE YEAR ENDED JUNE 30, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received:

Cash receipts from rentals	\$ 145,099
USDA subsidy receipts	244,497
Rental charges	905
Security deposit forfeitures	1,459

Total cash received	391,960
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Expenses paid:

Salaries and wages	43,475
Payroll taxes and benefits	19,814
Management fees	26,604
Contractor expenses	8,465
Utilities	57,646
Grounds maintenance and supplies	13,069
Security expenses	185
Insurance	25,167
Interest	22,488

Total expenses paid	227,260
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Net cash provided by operating activities	164,700
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**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from advances from affiliate	5,359
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Purchase of property and equipment	-
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Net cash provided by investing activities	5,359
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**CASH FLOWS FROM FINANCING ACTIVITIES**

Principal payments on long-term debt	(124,115)
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Net cash used in financing activities	(124,115)
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<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	45,944
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<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	304,108
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<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 350,052
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**RECONCILIATION OF CHANGE IN NET ASSETS TO NET ASSETS PROVIDED BY OPERATING ACTIVITIES**

Change in net assets	\$ (165,986)
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Adjustments to reconcile change in net assets to net cash provided by operating activities:

Depreciation	192,336
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Amortization of discounts on long-term debt	137,131
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Changes in assets and liabilities:

Decrease in accounts receivable	(3,717)
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Decrease in prepaid expenses	(4)
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Decrease in accounts payable	4,009
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Increase in accrued expenses	2,896
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Increase in deferred revenue	(1,965)
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Net cash provided by operating activities	\$ 164,700
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See independent auditors' report.

**INDEPENDENT AUDITORS' 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 Trustees  
Catholic Charities, Diocese of St. Petersburg, Inc. and Affiliates

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 combined financial statements of Catholic Charities, Diocese of St. Petersburg, Inc. and Affiliates (the "Organization"), which comprise the combined statement of financial position as of June 30, 2020 and the related combined statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the combined financial statements (the "financial statements"), and have issued our report thereon dated December 17, 2020.

**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 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.

**Compliance and Other Matters**

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

**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.

*Warren Averett, LLC*

Tampa, Florida  
December 17, 2020

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

To the Board of Trustees  
Catholic Charities, Diocese of St. Petersburg, Inc. and Affiliates

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

We have audited Catholic Charities, Diocese of St. Petersburg, Inc. and Affiliates' (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the Executive Officer of the Florida Governor's State Project Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended June 30, 2020. The Organization's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state projects.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), and *Chapter 10.650, Rules of the State of Florida Auditor General*. Those standards and the *Uniform Guidance* and *Chapter 10.650* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and state project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the Organization's compliance.

### **Opinion on Each Major Federal Program and State Project**

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, 2020.

### **Report on Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the *Uniform Guidance* and *Chapter 10.650*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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*. Accordingly, this report is not suitable for any other purpose.

*Warren Averett, LLC*

Tampa, Florida  
December 17, 2020

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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**Section I – Summary of Auditors’ Results**

Financial Statements

Type of auditors’ report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Significant deficiency(ies) identified?	Yes <input type="checkbox"/>	None Reported <input checked="" type="checkbox"/>

Non-compliance material to financial statements noted?    Yes                       No

Federal and State Awards

Internal control over major federal programs:

Material weakness(es) identified?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Significant deficiency(ies) identified?	Yes <input type="checkbox"/>	None Reported <input checked="" type="checkbox"/>

Internal control over major state projects:

Material weakness(es) identified?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Significant deficiency(ies) identified?	Yes <input type="checkbox"/>	None Reported <input checked="" type="checkbox"/>

Type of auditors’ report issued on compliance for major federal programs and state projects Unmodified

Any audit findings disclosed that are to be reported in accordance with *the Uniform Guidance* and *Chapter 10.650(1)(h) of Rules of the State of Florida Auditor General*?                      Yes                       No

Identification of major programs:

CFDA Number	Name of Federal Program
10.405	Farm Labor Housing Loans and Grants
14.256	American Recovery and Reinvestment Act
14.267	Continuum of Care Program
14.241	Housing Opportunities for Persons with AIDS
CFSA Number	Name of State Project
40.901	State Housing Initiatives Partnership Program



**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED  
YEAR ENDED JUNE 30, 2020**

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**Section I – Summary of Auditors’ Results (continued)**

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

Dollar threshold used to distinguish between Type A and  
Type B major state projects \$ 586,907

Auditee qualified as low-risk auditee? Yes  No

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None

**Section IV – State Award Findings and Questioned Costs**

None

**Section V – Other Matters**

A summary schedule of prior audit findings is not required because there were no prior audit findings related to major federal programs.