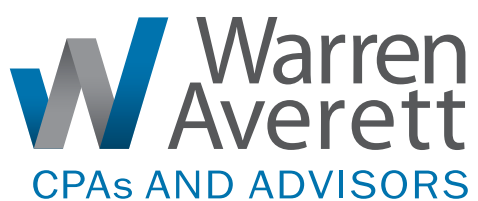


**CATHOLIC CHARITIES, DIOCESE OF  
ST. PETERSBURG, INC. AND AFFILIATES**

**COMBINED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**JUNE 30, 2022 AND 2021**



[www.warrenaverett.com](http://www.warrenaverett.com)

The report accompanying this deliverable was issued  
by Warren Averett, LLC.

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES**  
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**JUNE 30, 2022 AND 2021**

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## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the accompanying combined financial statements of Catholic Charities, Diocese of St. Petersburg, Inc. and Affiliates (a nonprofit organization), the "Organization," which comprise the combined statement of financial position as of June 30, 2022 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.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and the changes in its net assets and its cash flows for the year 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 Auditors' Responsibilities for the Audit of the Combined 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 opinion.

### Responsibilities of Management for the Combined Financial Statements

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

In preparing the combined 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 combined financial statements are available to be issued.

### Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 combined 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 combined 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.

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

We have previously audited Catholic Charities, Diocese of St. Petersburg, Inc. and Affiliates' 2021 combined financial statements and have expressed an unmodified audit opinion on those audited combined financial statements in our report dated December 31, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information on Pages 30 through 32 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 February 10, 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 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  
February 10, 2023

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES**  
**COMBINED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

<b>ASSETS</b>		
	<b>2022</b>	<b>2021</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 5,413,300	\$ 3,089,629
Restricted cash	3,025,433	2,377,288
Receivables:		
Grants and contracts	1,169,505	2,056,138
Tenant rents receivable, net of allowance for doubtful accounts of approximately \$119,000 and \$48,000 at June 30, 2022 and 2021, respectively	189,884	107,227
Contributions	22,869	20,719
Other	116,904	133,304
Prepaid expenses and other current assets	133,259	82,484
Total current assets	10,071,154	7,866,789
<b>PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION</b>	45,283,545	40,804,729
<b>OTHER ASSETS</b>		
Investments in common stock	34,167	41,059
Receivable from charitable remainder unitrust	-	419,083
Other	85,280	91,393
Assets held for sale	238,533	292,038
Total other assets	357,980	843,573
	<u>\$ 55,712,679</u>	<u>\$ 49,515,091</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Line of credit	\$ 204,975	\$ 563,600
Current maturities of long-term debt	641,205	913,681
Accounts payable	920,242	869,427
Accrued expenses	459,051	863,813
Deferred revenue	457,894	263,965
Total current liabilities	2,683,367	3,474,486
<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	24,288,684	23,563,192
Total long-term liabilities	24,312,184	23,586,692
<b>NET ASSETS</b>		
Without donor restrictions	7,162,693	3,767,731
With donor restrictions	21,554,435	18,686,182
Total net assets	28,717,128	22,453,913
	<u>\$ 55,712,679</u>	<u>\$ 49,515,091</u>

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, 2022**  
**(WITH COMPARATIVE BALANCES FOR 2021)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2022	2021
<b>PRIVATE SUPPORT</b>				
Contributions	\$ 1,375,450	\$ 2,055,752	\$ 3,431,202	\$ 1,917,998
Special events, net	372,909	1,933	374,842	316,281
Diocesan subsidy	1,411,089	940,514	2,351,603	3,536,346
In-kind revenues	718,022	-	718,022	652,497
United Way	233,826	-	233,826	189,213
Total private support	4,111,296	2,998,199	7,109,495	6,612,335
<b>PUBLIC SUPPORT AND OTHER REVENUE</b>				
Grants:				
Federal, state, and local	8,188,048	1,611,874	9,799,922	7,417,736
Private foundation	744,227	-	744,227	292,483
Client service fees	1,118,288	-	1,118,288	955,106
Interest and investment income	17,227	-	17,227	17,789
Rental income	5,455,656	-	5,455,656	4,732,647
Management fee income	849,396	-	849,396	802,023
SBA PPP note forgiveness	-	-	-	1,023,900
Other income	327,898	31,707	359,605	594,778
Total public support and other revenue	16,700,740	1,643,581	18,344,321	15,836,462
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>				
Expiration of time restrictions on capital assets	240,261	(240,261)	-	-
Expiration of other time restrictions	964,757	(964,757)	-	-
Satisfaction of donor use restrictions	568,509	(568,509)	-	-
Total net assets released from restrictions	1,773,527	(1,773,527)	-	-
<b>TOTAL SUPPORT, REVENUE, AND NET ASSETS RELEASED FROM RESTRICTIONS</b>	22,585,563	2,868,253	25,453,816	22,448,797
<b>EXPENSES</b>				
Program services	19,767,562	-	19,767,562	16,546,837
<b>SUPPORTING SERVICES</b>				
Management and general	1,395,807	-	1,395,807	1,659,764
Development and marketing	255,856	-	255,856	222,036
Total supporting services	1,651,663	-	1,651,663	1,881,800
<b>TOTAL EXPENSES</b>	21,419,225	-	21,419,225	18,428,637
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	1,166,338	2,868,253	4,034,591	4,020,160
<b>OTHER CHANGES</b>				
Net unrealized gain (loss) on investment in common stock	(6,892)	-	(6,892)	13,931
Gain on disposal of property and equipment	2,235,516	-	2,235,516	248,391
Total other changes	2,228,624	-	2,228,624	262,322
<b>INCREASE IN NET ASSETS</b>	3,394,962	2,868,253	6,263,215	4,282,482
<b>NET ASSETS AT BEGINNING OF YEAR</b>	3,767,731	18,686,182	22,453,913	18,171,431
<b>NET ASSETS AT END OF YEAR</b>	\$ 7,162,693	\$ 21,554,435	\$ 28,717,128	\$ 22,453,913

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, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 6,263,215	\$ 4,282,482
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,660,507	2,395,270
Gain on disposal of property and equipment	(2,235,516)	(248,391)
Noncash SBA PPP note forgiveness	-	(1,023,900)
Provision for allowance for doubtful accounts	70,517	13,666
Net unrealized loss (gain) on investment in common stock	6,892	(13,931)
Amortization of discount on long-term debt	545,677	556,924
Change in value of charitable remainder unitrust	419,083	(249,474)
Noncash contributions arising from reductions of principal debt balances	(132,500)	(132,500)
Noncash contributions arising from below market interest loans	(1,417,731)	(509,333)
(Increase) decrease in:		
Receivables	747,709	(1,748,038)
Prepaid expenses and other assets	(44,662)	16,027
Increase (decrease) in:		
Accounts payable	50,815	370,476
Accrued expenses	(404,762)	268,413
Deferred revenue	193,929	80,080
Total adjustments	459,958	(224,711)
Net cash provided by operating activities	6,723,173	4,057,771
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property and equipment	2,554,881	424,456
Purchase of property and equipment	(5,253,567)	(4,130,308)
Net cash used in investing activities	(2,698,686)	(3,705,852)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of long-term debt	-	792,655
Payments on long-term debt	(694,046)	(772,164)
Proceeds from line of credit	6,547,619	4,681,142
Payments on line of credit	(6,906,244)	(4,141,286)
Net cash (used in) provided by financing activities	(1,052,671)	560,347
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	2,971,816	912,266
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	5,466,917	4,554,651
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 8,438,733	\$ 5,466,917

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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION AND NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Cash paid during the year for interest	<u>\$ 262,739</u>	<u>\$ 231,541</u>
Property and equipment acquired via long-term debt	<u>\$ 2,151,616</u>	<u>\$ 6,069,687</u>
SBA PPP note forgiveness	<u>\$ -</u>	<u>\$ 1,023,900</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>2022</u>	<u>2021</u>
Cash and cash equivalents	<u>\$ 5,413,300</u>	<u>\$ 3,089,629</u>
Restricted cash	<u>3,025,433</u>	<u>2,377,288</u>
	<u>\$ 8,438,733</u>	<u>\$ 5,466,917</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, 2022**  
**(WITH COMPARATIVE BALANCES FOR 2021)**

	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	\$ 220,068	\$ 1,041,110	\$ 404,360	\$ 110,866	\$ 422,735	\$ 297,174	\$ 544,030	\$ 455,982
Employee benefits	93,105	243,418	102,784	46,219	118,239	110,105	133,326	132,566
Employee payroll taxes	17,329	81,962	31,653	8,576	31,312	23,351	43,493	35,498
	<u>330,502</u>	<u>1,366,490</u>	<u>538,797</u>	<u>165,661</u>	<u>572,286</u>	<u>430,630</u>	<u>720,849</u>	<u>624,046</u>
<b>OPERATING EXPENSES</b>								
Contractor expenses	16,476	290,959	3,874	34,164	20,159	546	8,096	121,295
Professional fees	290,591	10,403	69,638	13,874	-	-	48,162	400
Travel expenses	7,227	2,801	762	1,890	5,399	6,966	14,993	2,805
Occupancy	841,724	705,814	188,653	240,654	76,234	40,498	141,172	32,167
Communications	8,136	23,989	7,121	2,080	7,838	8,265	12,956	11,631
Operating supplies	24,852	209,689	3,876	6,307	2,288	10,630	13,966	4,158
Printing and publications	141	326	23	-	59	142	266	252
Equipment	8,203	93,338	13,229	54,631	11,045	10,151	25,453	7,938
Computer expenses	29,501	35,069	6,224	8,128	6,753	5,075	9,503	4,264
Insurance	190,751	35,462	89,882	108,501	5,834	4,011	13,309	5,400
Dues, memberships, and subscriptions	713	345	-	-	250	5,621	4,349	-
Assistance to individuals	2,169	35,710	641,189	-	1,589	(2,138)	42,221	2,844,179
In-kind	-	509,625	-	10,951	-	-	182,534	1,671
Interest	458,471	6	159,914	191,471	6,379	38	122	65
Depreciation and amortization	1,253,293	216,127	498,996	462,959	18,468	5,272	56,599	16,836
Other	181,752	228,620	57,215	17,738	10,713	7,232	29,528	1,295
	<u>3,314,000</u>	<u>2,398,283</u>	<u>1,740,596</u>	<u>1,153,348</u>	<u>173,008</u>	<u>102,309</u>	<u>603,229</u>	<u>3,054,356</u>
<b>TOTAL EXPENSES</b>	<u>\$ 3,644,502</u>	<u>\$ 3,764,773</u>	<u>\$ 2,279,393</u>	<u>\$ 1,319,009</u>	<u>\$ 745,294</u>	<u>\$ 532,939</u>	<u>\$ 1,324,078</u>	<u>\$ 3,678,402</u>

See notes to the combined financial statements.

PROGRAM SERVICES				SUPPORTING SERVICES			TOTAL EXPENSES	
FREE MEDICAL CLINICS	OTHER PROGRAM SERVICES	COVID PROGRAMS	TOTAL PROGRAM SERVICES	MANAGEMENT & GENERAL	DEVELOPMENT & MARKETING	TOTAL SUPPORTING SERVICES	2022	2021
\$ 67,962	\$ 11,161	\$ 143,234	\$ 3,718,682	\$ 592,555	\$ 172,951	\$ 765,506	\$ 4,484,188	\$ 3,662,741
6,928	7,810	52,885	1,047,385	199,851	31,094	230,945	1,278,330	1,191,680
5,055	957	11,545	290,731	46,451	12,984	59,435	350,166	291,700
79,945	19,928	207,664	5,056,798	838,857	217,029	1,055,886	6,112,684	5,146,121
201	264	63,243	559,277	65,284	19	65,303	624,580	439,971
8,822	185	-	442,075	98,628	500	99,128	541,203	385,394
1,786	1,205	735	46,569	12,620	2,164	14,784	61,353	50,443
63,360	30,620	15,486	2,376,382	75,521	12,412	87,933	2,464,315	1,961,939
3,201	2,381	3,864	91,462	13,947	2,580	16,527	107,989	114,326
12,128	5,607	329	293,830	9,914	404	10,318	304,148	177,914
1,263	-	-	2,472	1,536	216	1,752	4,224	3,948
3,527	9,325	4,682	241,522	8,853	1,398	10,251	251,773	170,400
6,602	3,567	1,424	116,110	227,397	42	227,439	343,549	342,274
2,958	7,169	3,555	466,832	8,015	172	8,187	475,019	466,880
1,674	625	-	13,577	4,838	-	4,838	18,415	28,648
5,689	4,751	1,762,237	5,337,596	-	-	-	5,337,596	4,759,525
13,241	-	-	718,022	-	-	-	718,022	652,497
13	-	65	816,544	3,123	-	3,123	819,667	703,910
28,241	87,291	7,806	2,651,888	6,285	2,334	8,619	2,660,507	2,395,270
1,360	1,041	112	536,606	20,989	16,586	37,575	574,181	629,177
154,066	154,031	1,863,538	14,710,764	556,950	38,827	595,777	15,306,541	13,282,516
\$ 234,011	\$ 173,959	\$ 2,071,202	\$ 19,767,562	\$ 1,395,807	\$ 255,856	\$ 1,651,663	\$ 21,419,225	\$ 18,428,637

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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## **1. DESCRIPTION OF BUSINESS**

Catholic Charities, Diocese of St. Petersburg, Inc. ("CCDOSP") was incorporated in the State of Florida in June 1968 and, together with its affiliates, provides a variety of services to individuals in need in the Tampa Bay, Florida area. CCDOSP's headquarters is located in St. Petersburg, Florida.

Services provided by CCDOSP and its affiliates 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 CCDOSP and its commonly controlled affiliates (collectively referred to as 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.

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

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

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, 2022 and 2021, the Organization's net assets with donor restrictions consist of the following:

	<u><b>2022</b></u>	<u><b>2021</b></u>
Contributions restricted for program activities	\$ 2,356,522	\$ 1,082,263
Capital expenditures	1,669,193	271,367
Facilities subject to time restrictions	5,870,507	6,127,311
Charitable remainder unitrust	-	419,083
Unamortized discounts on below market loans	<u>11,658,213</u>	<u>10,786,158</u>
	<u><u>\$ 21,554,435</u></u>	<u><u>\$ 18,686,182</u></u>

**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 \$1,618,000 and \$1,636,000 of deposits held at the Diocese that are not covered by federal deposit insurance at June 30, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021.

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, 2022 and 2021 are primarily due from the aforementioned governmental agencies.

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

**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 \$119,000 and \$48,000 is considered adequate at June 30, 2022 and 2021, 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, 2022 and 2021.

**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**

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.

### **Revenue Recognition**

The Organization follows Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of Topic 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to receive in exchange for those goods or services. To achieve this core principle, five basic criteria must be met before revenue can be recognized: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to performance obligations in the contract; and (5) recognize revenue when or as the Organization satisfies a performance obligation. The Organization recognizes revenue for special events, rental income and client service fees based on the satisfaction of performance obligations. Performance obligations are determined based on the service provided by the Organization and relate to contracts with a duration of less than one year. Additionally, these revenue streams are not affected by variable considerations. Payments received in advance of the Organization satisfying its performance obligations are recorded as deferred revenue in the statement of financial position.

### **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.

### **Contributed Nonfinancial Assets**

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.

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
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## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

### **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 costs 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.

### **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.

### **Impact of Recently Issued Accounting Pronouncements**

In February 2016, the FASB issued ASU No. 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 will 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, 2022 and 2021, the Organization has the following amounts available to cover general expenditures:

	<b>2022</b>	<b>2021</b>
Unrestricted cash and cash equivalents	\$ 5,413,300	\$ 3,089,629
Receivables	1,499,162	2,317,388
Other	181	7,949
	<u>\$ 6,912,643</u>	<u>\$ 5,414,966</u>

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.



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

Restricted cash consists of the following:

	<b>2022</b>	<b>2021</b>
Cash restricted for:		
Reserves for replacement	\$ 2,692,261	\$ 2,076,415
Various programs	92,398	83,644
Tenant security deposits	240,774	217,229
	<u>\$ 3,025,433</u>	<u>\$ 2,377,288</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:

	<b>2022</b>	<b>2021</b>
Land	\$ 5,130,690	\$ 3,948,263
Buildings and improvements	56,093,268	54,888,609
Leasehold improvements	276,390	255,460
Vehicles	694,255	433,919
Furniture and equipment	2,506,475	2,467,582
Construction in progress	5,384,608	1,301,008
	70,085,686	63,294,841
Less accumulated depreciation	24,802,141	22,490,112
	<u>\$ 45,283,545</u>	<u>\$ 40,804,729</u>

Depreciation expense for the years ended June 30, 2022 and 2021, was approximately \$2,661,000 and \$2,395,000, 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.

Assets held for sale in the amount of approximately \$239,000 at June 30, 2022, consist of property and equipment related to the Citrus Center in Homosassa, Florida. The building was listed for sale during the year ended June 30, 2022 and was actively marketed for sale.

Assets held for sale in the amount of approximately \$292,000 at June 30, 2021, consist of property and equipment related to the Jeff Forbes Center in St. Petersburg, Florida. The building was listed for sale in 2021 and was actively marketed for sale at year-end June 30, 2021. During the year-ended June 30, 2022, the property was sold for approximately \$2,555,000 and a related gain of approximately \$2,263,000 was recorded.

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**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 was adjusted to reflect accretion of the original discount. The charitable remainder unitrust receivable amounted to approximately \$419,000 at June 30, 2021. During the year ended June 30, 2022, the Organization received approximately \$451,000 in settlement of the trust.

**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 30-day average SOFR rate plus 0.97% as of year-ended June 30, 2022, and at the one-month LIBOR rate plus 0.97% as of year-ended June 30, 2021. The revolving line of credit matures on February 28, 2023. 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 \$205,000 and \$564,000 at June 30, 2022 and 2021, respectively.

**8. LONG-TERM DEBT**

Long-term debt consists of the following:

	<u>2022</u>	<u>2021</u>
<u>Jeff Forbes Center, Tampa Center, San Jose Mission I, Ruskin Industrial revenue bonds (5.4%); monthly payments of principal and interest at 0.67% of LIBOR, plus 2% through January 2023 (2.05% at June 30, 2021); secured by real property; paid in full during the year ended June 30, 2022</u>	\$ -	\$ 160,866
<u>San Jose Mission I - Hillsborough County</u> Mortgage note payable with graduated interest rates from 0% to 2% (1.50% and 1.25% at June 30, 2022 and 2021, respectively); monthly interest only payments through 2043; final balloon payment due in 2043; present value, net of unamortized discount, is \$369,643 and \$359,137 at June 30, 2022 and 2021, respectively	750,000	750,000

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**8. LONG-TERM DEBT – CONTINUED**

	<u>2022</u>	<u>2021</u>
<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 \$2,276,701 and \$2,208,034 at June 30, 2022 and 2021, 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 \$466,771 and \$479,139 at June 30, 2022 and 2021, respectively	662,886	690,589
<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 \$1,525,964 and \$1,566,400 at June 30, 2022 and 2021, respectively	2,167,101	2,257,672
<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 \$53,978 and \$59,202 at June 30, 2022 and 2021, respectively	65,067	72,954
<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 \$2,026,175 and \$1,930,357 at June 30, 2022 and 2021, 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, 2022 and 2021	-	-

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES**  
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**8. LONG-TERM DEBT – CONTINUED**

	<u>2022</u>	<u>2021</u>
<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; present value, net of unamortized discount, is \$85,289 and \$82,048 at June 30, 2022 and 2021, 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 \$1,505,947 and \$1,620,849 at June 30, 2022 and 2021, respectively	1,987,500	2,120,000
<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 \$116,407 and \$112,776 at June 30, 2022 and 2021, respectively	150,000	150,000
<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 \$596,027 and \$577,760 at June 30, 2022 and 2021, respectively	2,729,445	2,729,445
<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 \$343,086 and \$329,891 at June 30, 2022 and 2021, respectively	781,814	781,814

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES**  
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**8. LONG-TERM DEBT – CONTINUED**

	<u>2022</u>	<u>2021</u>
<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 \$3,045,672 and \$2,987,864 at June 30, 2022 and 2021, 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 unamortized discount, of \$69,842 and \$67,663 at June 30, 2022 and 2021, respectively	105,450	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 \$461,882 and \$439,500 at June 30, 2022 and 2021, respectively	1,242,750	1,255,250
<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 \$1,338,676 and \$1,272,667 at June 30, 2022 and 2021, respectively	3,292,919	3,292,919
<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	2,068,329	2,178,067
<u>Bella Vista</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	1,505,748	1,567,934

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**8. LONG-TERM DEBT – CONTINUED**

	<u>2022</u>	<u>2021</u>
<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 \$305,992 at June 30, 2022 and 2021	420,000	420,000
<u>Pasco County ELI</u>		
Non-interest bearing promissory note to Pasco County; principal balance due on September 1, 2067; principal and accrued interest shall be forgiven if certain compliance obligations are met throughout the loan periods; secured by real property; present value, net of unamortized discount, is \$96,938 at June 30, 2022 and 2021	96,938	96,938
<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 \$266,868 and \$256,727 at June 30, 2022 and 2021, 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 \$139,548 and \$134,245 at June 30, 2022 and 2021, respectively; secured by real property	150,790	150,790
<u>St. Benedicts</u>		
Mortgage note payable to a commercial bank; monthly installments of \$4,766, including interest at 2.49% through December 2030; final balloon payment due in January 2031; secured by real property	407,466	450,000
<u>La Tierra Verde</u>		
Mortgage note payable to a commercial bank; monthly installments of \$24,353, including interest at 2.49% through December 2030; final balloon payment due in January 2031; secured by real property	4,359,882	4,539,943

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**8. LONG-TERM DEBT – CONTINUED**

	<u>2022</u>	<u>2021</u>
<u>Mercy Oaks</u>		
Non-interest bearing promissory note payable to Hillsborough County with a balloon payment due September 2051; secured by real property; present value, net of unamortized discount, is \$1,025,219 at June 30, 2022	2,443,250	342,655
<u>Las Villas - Carol Motel</u>		
Non-interest bearing promissory note payable to Hillsborough County with a balloon payment due September 2036; secured by real property; present value, net of the unamortized discount, of \$1,038,553 and \$960,354 at June 30, 2022 and 2021, respectively	1,520,709	1,469,687
Total long-term debt	36,588,102	35,263,031
Less unamortized discounts	11,658,213	10,786,158
Less current maturities	641,205	913,681
Long-term debt, net of unamortized discounts and current maturities	<u>\$ 24,288,684</u>	<u>\$ 23,563,192</u>

The aggregate maturities of long-term debt before discounts for each of the five years subsequent to June 30, 2022, and thereafter are as follows:

<u>Year Ending June 30,</u>	
2023	\$ 641,205
2024	\$ 726,424
2025	\$ 3,165,790
2026	\$ 780,441
2027	\$ 796,303
Thereafter	\$ 30,477,939

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 2.83% 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 \$352,000 and \$382,000 for the years ended June 30, 2022 and 2021, 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, 2021, the most recent actuarial valuation, total plan assets were approximately \$260 million, the total actuarial present value of accumulated plan benefits was approximately \$246 million, and contributions from all employers for the year ended June 30, 2021 totaled approximately \$9 million. The plan is fully funded as of June 30, 2021. The Organization did not contribute more than 5% of total contributions to the plan.

**10. CONTRIBUTED NONFINANCIAL ASSETS**

Contributed nonfinancial assets consist of certain services and rent that 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:

	<b>2022</b>	<b>2021</b>
Services	\$ 15,966	\$ 12,188
Food preparation and meals	161,272	191,477
Pinellas Hope supplies	444,784	352,832
Land and office supplies	96,000	96,000
	<u>\$ 718,022</u>	<u>\$ 652,497</u>

Fair value of services is determined based on average hourly salary by position reported by the Bureau of Labor Statistics for Tampa Bay area. The fair value of supplies is based on amounts provided by donors. No contributed nonfinancial assets were restricted, and the Organization only uses such assets for its own programs or supporting service activities.



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**10. CONTRIBUTED NONFINANCIAL ASSETS – CONTINUED**

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, 2022 and 2021, management estimated the fair value of 12,027 and 10,414 donated volunteer hours, respectively, to be approximately \$320,000 and \$201,000, 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.

**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 \$414,000 and \$231,000 for the years ended June 30, 2022 and 2021, 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, 2022, are as follows:

<b>Year Ending June 30,</b>	
2023	\$ 193,251
2024	\$ 130,522
2025	\$ 70,240
2026	\$ 43,907
2027	\$ 6,301

**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.

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**12. FAIR VALUE MEASUREMENTS – CONTINUED**

As of June 30, 2021, the Organization's receivable under a charitable remainder unitrust is valued as a Level 1 investment based on the market value of investments included in the trust account. Investments in the trust include cash, equities and mutual funds. The Organization received proceeds for the full amount of the trust during the year ended June 30, 2022, due to the death of the settlor of the trust.

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.

The fair value of assets measured on a recurring basis as of June 30, 2022 and 2021, is as follows:

	Fair Value Measurements at the End of the Reporting Period Using			
	Total	Level 1	Level 2	Level 3
<b><u>2022</u></b>				
Common stock	\$ 34,167	\$ 34,167	\$ -	\$ -
Receivable from charitable remainder unitrust	-	-	-	-
	<u>\$ 34,167</u>	<u>\$ 34,167</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>2021</u></b>				
Common stock	\$ 41,059	\$ 41,059	\$ -	\$ -
Receivable from charitable remainder unitrust	419,083	419,083	-	-
	<u>\$ 460,142</u>	<u>\$ 460,142</u>	<u>\$ -</u>	<u>\$ -</u>

**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 \$1,618,000 and \$1,636,000 with the Diocese at June 30, 2022 and 2021, respectively. Additionally, the Diocese provided support of approximately \$2,352,000 and \$3,536,000 to the Organization for the years ended June 30, 2022 and 2021, respectively.

The Organization obtains all of its insurance coverage through pooled self-insurance funds of the Diocese. Insurance premiums paid to the Diocese were approximately \$1,378,000 and \$1,305,000 for the years ended June 30, 2022 and 2021, respectively. Included in accounts payable are amounts due to the Diocese of approximately \$1,000 and \$0 at June 30, 2022 and 2021, respectively.

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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**14. RELATED PARTY TRANSACTIONS – CONTINUED**

The Organization has loans outstanding to the Diocese totaling \$920,000 as of June 30, 2022 and 2021 (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, 2022 and 2021, to benefit its operations. Net special events revenue consists of the following:

	<u><b>2022</b></u>	<u><b>2021</b></u>
Gross special events revenue	\$ 440,598	\$ 353,827
Cost of special events	<u>65,756</u>	<u>37,546</u>
	<u><u>\$ 374,842</u></u>	<u><u>\$ 316,281</u></u>

**16. SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through February 10, 2023, the date on which the combined financial statements were available to be issued.

Subsequent to year-end, the Organization purchase a building within Pasco County for approximately \$775,000 that was partially funded through Community Development Block Grant funding. Additionally, the Organization purchased a building within Hillsborough County for approximately \$1,648,000 that was partially funded through Community Development Block Grant funding. The buildings are intended to be used for low-income housing facilities.

## **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, 2022**

<b>Federal / State Agency Pass-through Entity Federal/ State Program</b>	<b>Federal Assistance Listing / State CSFA Number</b>	<b>Contract/ Grant Number</b>	<b>Expenditures</b>
<b><u>U.S. Department of Agriculture</u></b>			
Farm Labor Housing Loans and Grants	10.405	Loan 001	\$ 455,890
Farm Labor Housing Loans and Grants	10.405	Loan 003	206,996
Farm Labor Housing Loans and Grants	10.405	Loan 005	1,748,329
Farm Labor Housing Loans and Grants	10.405	Loan 007	418,772
Subtotal - U.S. Department of Agriculture			<u>2,829,987</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	LRO 163800-002	123,477
American Recovery and Reinvestment Act	97.024	LRO 169200-002	22,392
American Recovery and Reinvestment Act	97.024	LRO 169400-042	58,562
Subtotal - U.S. Department of Homeland Security			<u>204,431</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Continuum of Care Program	14.267	FL0603L4H011906	267,690
Continuum of Care Program	14.267	FL0603L4H021904	52,542
Continuum of Care Program	14.267	FL0603L4H012007	402,808
Continuum of Care Program	14.267	FL0603L4H012005	84,468
			<u>807,508</u>
Passed-through from the City of Tampa, Florida:			
Housing Opportunities for Persons with AIDS	14.241	PO121204269 (TBRA)	209,946
Housing Opportunities for Persons with AIDS	14.241	PO121204268 (MH)	95,555
Housing Opportunities for Persons with AIDS	14.241	PO121204267 (MA)	28,813
Housing Opportunities for Persons with AIDS	14.241	PO 122203331 (TBRA)	503,527
Housing Opportunities for Persons with AIDS	14.241	PO 122206948 (TBRA)	93,000
Housing Opportunities for Persons with AIDS	14.241	PO 122203328 (MH)	260,575
Housing Opportunities for Persons with AIDS	14.241	PO 122206799 (MH)	60,000
Housing Opportunities for Persons with AIDS	14.241	PO 122203329 (MA)	45,838
Housing Opportunities for Persons with AIDS	14.241	PO 122206800 (MA)	60,000
			<u>1,357,254</u>
Passed-through from the City of Tampa, Florida:			
Emergency Solutions Grant Program	14.231	PO 120209952	91,468
COVID-19 - Emergency Solutions Grant Program	14.231	PO 121203580/122206615	1,455,504
Community Development Block Grant	14.218	HCD 20-092	66,667
Community Development Block Grant	14.218	PO 122206613	390,600
Community Development Block Grant/Entitlement Grants	14.218	N/A	2,942,919
			<u>4,947,158</u>

**Federal**

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, 2022**

<b>Pass-through Entity Federal/ State Program</b>	<b>State CSFA Number</b>	<b>Grant Number</b>	<b>Expenditures</b>
<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	FL0548L4H011904	28,697
Emergency Solutions Grant Program	14.231	FL0548L4H012005	59,736
COVID 19 - Emergency Solutions Grant Program	14.231	HESG CV-2 BOCC #21-0462	723,919
Emergency Solutions Grant Program	14.231	HESG BOCC #21-1349	31,856
Continuum of Care	14.267	FL0719L9H011901	19,441
Continuum of Care	14.267	FL0719L9H012002	198,026
Community Development Block Grant/Entitlement Grants	14.218	08-0612	550,000
Community Development Block Grant/Entitlement Grants	14.218	18-1177	150,790
COVID-19 - Community Development Block Grant	14.218	CDBG-CV BOCC #21-1351	73,050
Community Development Block Grant	14.218	N/A	10,644
Community Development Block Grant	14.218	N/A	84,065
HOME Investment Partnerships Program	14.239	N/A	2,428,058
Community Development Block Grant/State Programs	14.218	N/A	3,507,450
Community Development Block Grant	14.218	N/A	1,520,708
			<u>9,386,440</u>
Passed-through from Catholic Charities USA:			
Housing Counseling Assistance Program	14.169	HC180011034	2,145
		HC200011003	585
			<u>2,730</u>
Passed-through from Pinellas County, Florida:			
HOME Investment Partnerships Program	14.239	N/A	200,000
			<u>200,000</u>
Passed-through from City of Largo, Florida:			
Community Development Block Grant/Entitlement Grants	14.218	N/A	17,525
Passed-through from City of Clearwater, Florida:			
HOME Investment Partnerships Program	14.239	N/A	40,000
Passed-through from City of St. Petersburg, Florida:			
Community Development Block Grant/Entitlement Grants	14.218	B-21-MC-12-0017	38,573
Community Development Block Grant/Entitlement Grants	14.218	N/A	781,814
Community Development Block Grant	14.218	N/A	8,156
Emergency Solutions Grant Program	14.231	E-20-MC-12-0017	20,340
Emergency Solutions Grant Program	14.231	E-20-MC-12-0017	12,322
			<u>861,205</u>
Passed-through from Pasco County, Florida:			
American Recovery and Reinvestment Act	14.256	N/A	1,242,750
American Recovery and Reinvestment Act	14.256	N/A	2,729,445
COVID-19 - Emergency Solutions Grant Program	14.231	QPZ07	99,541
Emergency Solutions Grant Program	14.231	CD19-0009	42,574
Emergency Solutions Grant Program	14.231	N/A	13,111
			<u>4,127,421</u>
<b>Federal</b>			

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, 2022**

Federal / State Agency Pass-through Entity Federal/ State Program	Assistance Listing / State CSFA Number	Contract/ Grant Number	Expenditures
<b><u>U.S. Department of Housing and Urban Development (continued)</u></b>			
Passed-through from Hillsborough Coalition for the Homeless: Elder Homeless Prevention	14.231	N/A	63,555
Passed-through from Coalition of the Homeless of Pasco County Emergency Solutions Grant Program	14.231	N/A	19,127
Community Development Block Grant	14.218	N/A	148,045
			<u>167,172</u>
Subtotal - U.S. Department of Housing and Urban Development			<u>21,977,968</u>
<b><u>U.S. Department of the Treasury</u></b>			
Passed-through from Pasco County School Board of Commissioners: COVID-19 - Emergency Rental Assistance Program	21.023	C42 CD19-0081	293,455
Passed-through from City of St. Petersburg, Florida: COVID-19 - Emergency Rental Assistance Program	21.023	N/A	384,898
Subtotal - U.S. Department of the Treasury			<u>678,353</u>
<b>Total Federal Expenditures</b>			<u><u>\$ 25,690,739</u></u>
<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	\$ 284,312
Subtotal - State of Florida Department of Health			<u>284,312</u>
<b><u>State of Florida Housing Finance Corporation</u></b>			
Passed through Hillsborough County, Florida: State Housing Initiatives Partnership Program	40.901	02-0724	500,000
State Housing Initiatives Partnership Program	40.901	08-0611	750,000
			<u>1,250,000</u>
Passed-through City of Tampa, Florida: State Housing Initiatives Partnership Program	40.901	N/A	350,000
			<u>350,000</u>
Passed through Pasco County, Florida: State Housing Initiatives Partnership Program	40.901	N/A	96,938
			<u>96,938</u>
Subtotal - State of Florida Housing Finance Corporation			<u>1,696,938</u>
<b>Total State Financial Assistance</b>			<u><u>\$ 1,981,250</u></u>

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, 2022**

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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, 2022. 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, 2022 included on the Schedule for which the federal government imposes continuing compliance requirements amounted to \$18,883,921.



**SAN JOSE MISSION PHASE II AND III  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2022**

<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents:	
Operating cash	\$ 11,675
Restricted reserve account	412,136
Restricted security deposits	9,616
Tenant rents receivable, net of allowance for doubtful accounts of \$4,825	23,609
Prepaid expenses and other current assets	111
Total current assets	<u>457,147</u>
<b>PROPERTY AND EQUIPMENT</b>	
Land	302,899
Buildings and improvements	7,913,319
Vehicles	5,951
Furniture and equipment	42,494
	<u>8,264,663</u>
Accumulated depreciation	<u>(2,813,052)</u>
Total property and equipment	<u>5,451,611</u>
	<u><u>\$ 5,908,758</u></u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>	
Current maturities of long-term debt	\$ 193,333
Accounts payable	7,499
Accrued expenses	12,707
Security deposit liability	8,250
Deferred revenue	4,998
Total current liabilities	<u>226,787</u>
<b>LONG-TERM LIABILITIES</b>	
Amounts due to affiliate	180,103
Long-term debt, net of unamortized discounts and current maturities	3,700,876
Total long-term liabilities	<u>3,880,979</u>
<b>NET ASSETS</b>	
Without donor restrictions	361,309
With donor restrictions	1,439,683
Total net assets	<u>1,800,992</u>
	<u><u>\$ 5,908,758</u></u>

See independent auditors' report.

**SAN JOSE MISSION PHASE II AND III  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUE</b>			
Rental income	\$ 198,299	\$ -	\$ 198,299
USDA subsidy	212,451	-	212,451
Tenant charges	800	-	800
Security deposit	2,200	-	2,200
Total revenue	<u>413,750</u>	<u>-</u>	<u>413,750</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Expiration of time restrictions on capital assets	221,978	(221,978)	-
Expiration of other time restrictions	133,498	(133,498)	-
Total net assets released from restrictions	<u>355,476</u>	<u>(355,476)</u>	<u>-</u>
<b>TOTAL REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>769,226</u>	<u>(355,476)</u>	<u>413,750</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	33,699	-	33,699
Payroll taxes and benefits	18,495	-	18,495
Contractor expenses	11,137	-	11,137
Management fees	30,696	-	30,696
Utilities	65,255	-	65,255
Grounds maintenance and supplies	16,522	-	16,522
Insurance	26,744	-	26,744
Interest	152,538	-	152,538
Other	39,033	-	39,033
Depreciation	192,187	-	192,187
Total operating expenses	<u>586,306</u>	<u>-</u>	<u>586,306</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	182,920	(355,476)	(172,556)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>178,389</u>	<u>1,795,159</u>	<u>1,973,548</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 361,309</u></u>	<u><u>\$ 1,439,683</u></u>	<u><u>\$ 1,800,992</u></u>

See independent auditors' report.

**SAN JOSE MISSION PHASE II AND III  
STATEMENT OF CASH FLOWS – DIRECT METHOD  
FOR THE YEAR ENDED JUNE 30, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received:	
Cash receipts from rentals	\$ 198,299
USDA subsidy receipts	212,451
Rental charges	800
Security deposit	2,200
Total cash received	<u>413,750</u>
Expenses paid:	
Salaries and wages	33,699
Payroll taxes and benefits	18,495
Management fees	30,696
Contractor expenses	11,137
Utilities	65,255
Grounds maintenance and supplies	16,522
Insurance	26,744
Interest	32,134
Other	39,033
Total expenses paid	<u>273,715</u>
Net cash provided by operating activities	<u>140,035</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Payment on advances from affiliate	<u>(194,376)</u>
Net cash used in investing activities	<u>(194,376)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Principal payments on long-term debt	<u>101,444</u>
Net cash provided by financing activities	<u>101,444</u>

**NET CHANGE IN CASH AND CASH EQUIVALENTS** 47,103

**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** 386,324

**CASH AND CASH EQUIVALENTS AT END OF YEAR** \$ 433,427

**RECONCILIATION OF CHANGE IN NET ASSETS TO NET ASSETS  
PROVIDED BY OPERATING ACTIVITIES**

Change in net assets	\$ (172,556)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	192,186
Amortization of discounts on long-term debt	133,498
Changes in assets and liabilities:	
Decrease in accounts receivable	(17,169)
Decrease in accounts payable	(100)
Increase in accrued expenses	387
Increase in deferred revenue	3,789
Net cash provided by operating activities	<u><u>\$ 140,035</u></u>

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, 2022 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 February 10, 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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  
February 10, 2023

**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**

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

We have audited Catholic Charities, Diocese of St. Petersburg, Inc. and Affiliates' (the "Organization") compliance requirements identified as subject to audit 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, 2022. 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.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2022.

**Basis for Opinion on Each Major Federal Program and State Project**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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 State of Florida Auditor General*. Our responsibilities under those standards and the Uniform Guidance and Chapter 10.650 are further described in the Auditors' 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 and state project. 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 and state projects.

### **Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on 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*, the Uniform Guidance, and Chapter 10.650 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 and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, 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 the 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, 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.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, and 2022-003. Our opinion on each major federal program and state project is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

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 and therefore, material weaknesses or significant

deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*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 and state project 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 and state project will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a material weakness.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-002 and 2022-003 to be significant deficiencies.

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

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

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

*Warren Averett, LLC*

Tampa, Florida  
February 10, 2023



**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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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 <u>      </u>	No <u>✓</u>
Significant deficiency(ies) identified?	Yes <u>      </u>	None Reported <u>✓</u>

Non-compliance material to financial statements noted?      Yes             No ✓

*Federal and State Awards*

Internal control over major federal programs:

Material weakness(es) identified?	Yes <u>✓</u>	No <u>      </u>
Significant deficiency(ies) identified?	Yes <u>✓</u>	None Reported <u>      </u>

Internal control over major state projects:

Material weakness(es) identified?	Yes <u>      </u>	No <u>✓</u>
Significant deficiency(ies) identified?	Yes <u>      </u>	None Reported <u>✓</u>

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:

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Program</u>
14.239	HOME Investment Partnerships Program
14.231	Emergency Solutions Grant Program
21.023	COVID-19 - Emergency Rental Assistance Program

<u>State CSFA Number</u>	<u>Name of State Project</u>
40.901	State Housing Initiatives Partnership Program

Dollar threshold used to distinguish between Type A and  
Type B major federal programs \$ 770,722

Dollar threshold used to distinguish between Type A and  
Type B major state projects \$ 594,375

Auditee qualified as low-risk auditee?      Yes ✓      No

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2022**

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**Section II – Financial Statement Findings**

None

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

***FINDING 2022-001 – U.S. DEPARTMENT OF HOUSING AND DEVELOPMENT – ELIGIBILITY***

***MATERIAL WEAKNESS***

**Federal Assistance Listing Number: 14.239 – HOME Investment Partnerships Program**

**Grant Number: Various**

**Grant Period: Various**

Criteria

Awards under the HOME Investment Partnerships Program require the Organization to verify beneficiary eligibility by certifying tenant income upon entrance into the program, and then annually thereafter.

Condition

The Organization's policies and procedures over eligibility did not ensure that annual tenant income re-certifications occurred under the above program as required.

Cause

The Organization did not have a review process in place for the above program to ensure that all tenant income re-certifications were complete, accurate, and completed within a timely manner.

Effect

The Organization is not in compliance with the eligibility requirements of the program.

Questioned Costs

None

Context

The Organization could not provide evidence to support compliance with the eligibility requirements for a sample of beneficiaries selected for testing under the program.

Recommendation

The Organization should implement a review process to ensure that tenant income re-certifications are complete, accurate, and completed in a timely manner.

Views of Responsible Officials

See the accompanying Corrective Action Plan.

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2022**

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**Section III – Federal Award Findings and Questioned Costs (continued)**

***FINDING 2022-002 – U.S. DEPARTMENT OF HOUSING AND DEVELOPMENT – ELIGIBILITY***

***SIGNIFICANT DEFICIENCY***

**Federal Assistance Listing Number: 14.231 – Emergency Solutions Grant Program**

**Grant Number: Various**

**Grant Period: Various**

Criteria

Certain awards under the COVID-19 Emergency Solutions Grant program require the Organization to only distribute funds to individuals meeting certain income requirements.

Condition

The Organization has policies and procedures in place that require the review of income levels. However, certain errors were made related to income verification.

Cause

Although policies and procedures are in place to review income levels, due to staff turnover, certain errors were made.

Effect

The Organization is not in compliance with the eligibility requirements of the program.

Questioned Costs

None

Context

For one item selected for testing of compliance with the program, the beneficiary's income level was in excess of those allowed by the program.

Recommendation

The Organization should provide timely training to new staff to ensure that even during times of turnover, compliance is met.

Views of Responsible Officials

See the accompanying Corrective Action Plan.

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2022**

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**Section III – Federal Award Findings and Questioned Costs (continued)**

***FINDING 2022-003 – U.S. DEPARTMENT OF THE TREASURY – ELIGIBILITY***

***SIGNIFICANT DEFICIENCY***

**Federal Assistance Listing Number: 21.023 – Emergency Rental Assistance Program**

**Grant Number: Various**

**Grant Period: Various**

Criteria

Certain awards under the COVID-19 Emergency Rental Assistance program require the Organization to obtain outside documentation, generally from the landlord, to support amounts distributed for past due rent under the program.

Condition

The Organization has policies and procedures in place that require documentation to be obtained and maintained within the files; however, certain files did not contain the appropriate documentation.

Cause

Although policies and procedures are in place to obtain outside documentation from the landlord, due to staff turnover, certain errors were made.

Effect

The Organization is not in compliance with the eligibility requirements of the program.

Questioned Costs

None

Context

For certain items selected for testing, the Organization could not provide support from the landlord to verify past due rental amounts owed.

Recommendation

The Organization should provide timely training to new staff to ensure that even during times of turnover, compliance is met.

Views of Responsible Officials

See the accompanying Corrective Action Plan.

**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.



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## **Corrective Action Plan**

Catholic Charities, Diocese of St. Petersburg, Inc. and Affiliates respectfully submits the following corrective action plan for the year ended June 30, 2022.

**Name and address of independent public accounting firm:**

Warren Averett, LLC

400 North Ashley Drive, Suite 700

Tampa, Florida 33602

The findings from the Schedule of Findings and Questioned Costs for the year ended June 30, 2022 are discussed below. The findings are numbered consistently with the numbers assigned in the Schedule of Findings and Questioned Costs.

**Name of contact person for completing the Corrective Action Plan:**

James Wayne

Chief Financial Officer

(727) 893-1314

[jwayne@ccdosp.org](mailto:jwayne@ccdosp.org)

### **FINDING 2022-001- U.S. DEPARTMENT OF HOUSING AND DEVELOPMENT- ELIGIBILITY**

#### **MATERIAL WEAKNESS**

**Federal Assistance Listing Number: 14.239 HOME Investment Partnerships Program**

**Grant Number: Various**

**Grant Period: Various**

We are implementing the following procedures to address the auditing finding 2022-001:

Prior to the recent internal audit of PH3, we were still rebounding from the effects COVID 19 had on our procedures at Pinellas Hope Apartments. We went through a period of significant staff turnover which resulted in falling behind on a procedure of reviewing files on a regular basis.

We have subsequently hired new staff with Property Management experience and have reviewed and corrected all the current files.

We also have restarted our procedure of Monthly peer reviewed audits of files for new move-ins.



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### **Corrective Action Plan – Continued**

#### **FINDING 2022-002- U.S. DEPARTMENT OF HOUSING AND DEVELOPMENT- ELIGIBILITY**

##### **SIGNIFICANT DEFICIENCY**

**Federal Assistance Listing Number: 14.231 Emergency Solutions Grant Program**

**Grant Number: Various**

**Grant Period: Various**

We are implementing the following procedures to address the auditing finding 2022-002:

The program has implemented a flow chart listing the grants and the requirements of each grant so employees can follow which grant the prospective client is eligible.

Catholic Charities will continue to conduct case reviews/ supervision on the 2<sup>nd</sup> Thursday of every month, to ensure compliance to the grants of the program involved. Files are swapped with Mercy House to complete this reviews /supervision. The case managers and case aides in both Hillsborough and Pinellas counties are involved. The person in charge of the file reviews and checks income and uses the rent calculation sheet to verify if the household meets the correct AMI.

#### **FINDING 2022-003- U.S. DEPARTMENT OF TREASURY - ELIGIBILITY**

##### **SIGNIFICANT DEFICIENCY**

**Federal Assistance Listing Number: 21.023- Emergency Rental Assistance Program**

**Grant Number: Various**

**Grant Period: Various**

We are implementing the following procedures to address the auditing finding 2022-003:

There are no current grants for this program, or any other client assistance programs for the Northern Counties we serve.

The Hillsborough / Pinellas program will train Northern County staff on the usage of their flow chart they developed listing the grants and the requirements of each grant so employees can follow which grant the prospective client is eligible in order for implementation to prevent eligibility issues in the future.

We will implement Case Reviews once a program is established.