

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

**COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2017 AND 2016

CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES
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INDEPENDENT AUDITORS' REPORT

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

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Catholic Charities, Diocese of St. Petersburg, Inc. and Affiliates (a nonprofit organization), which comprise the combined statement of financial position as of June 30, 2017 and the related combined statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities, Diocese of St. Petersburg, Inc. and Affiliates as of June 30, 2017 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.

Report on Summarized Comparative Information

We have previously audited Catholic Charities Diocese of St. Petersburg, Inc. and Affiliates' 2016 financial statements and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated December 15, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information on Pages 25 through 27 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.

The accompanying schedules of state earnings, schedule of related party transaction adjustments, schedule of bed-day availability payments, and schedule of substance abuse & mental health services program / cost center actual expenses and revenue, as required by the Florida Administrative Code 65E-14.003(a), which are also the responsibility of management, are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the combined financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2017 on the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Warren Averett, LLC

Tampa, Florida
December 7, 2017

CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES
COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

ASSETS	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,572,266	\$ 1,640,630
Restricted cash	1,812,737	1,902,050
Receivables:		
Grants and contracts	787,171	989,113
Tenant rents receivable, net of allowance for doubtful accounts of \$ 52,722 and \$11,818 at June 30, 2017 and 2016, respectively	87,421	134,747
Contributions	37,002	32,573
Other	545,879	246,840
Current maturities of loans receivable	451	31,148
Prepaid expenses and other current assets	82,100	40,693
Total current assets	4,925,027	5,017,794
PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION	34,098,164	34,300,622
OTHER ASSETS		
Investments in common stock	33,727	37,686
Cash restricted for long-term investment by donor	97,513	97,513
Loans receivable, net of current maturities	41,612	41,612
Receivable from charitable remainder unitrust	103,601	90,619
Other	104,103	97,812
Total other assets	380,556	365,242
	\$ 39,403,747	\$ 39,683,658
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of credit	\$ 300,000	\$ 269,402
Current maturities of long-term debt	742,575	801,053
Accounts payable	1,585,749	1,399,417
Accrued expenses	620,978	364,323
Deferred revenue	171,518	215,443
Total current liabilities	3,420,820	3,049,638
LONG-TERM LIABILITIES		
Advance from United States Conference of Catholic Bishops	23,500	23,500
Long-term debt, net of unamortized discounts and current maturities	15,347,276	14,700,227
Total long-term liabilities	15,370,776	14,723,727
NET ASSETS		
Unrestricted	1,196,734	1,543,217
Board designated unrestricted net assets	862,583	1,135,083
Total unrestricted net assets	2,059,317	2,678,300
Temporarily restricted	18,455,271	19,134,430
Permanently restricted	97,563	97,563
Total net assets	20,612,151	21,910,293
	\$ 39,403,747	\$ 39,683,658

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, 2017
(WITH COMPARATIVE BALANCES FOR 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
PRIVATE SUPPORT					
Contributions	\$ 1,146,173	\$ 105,544	\$ -	\$ 1,251,717	\$ 1,844,820
Special events, net	212,987	-	-	212,987	323,198
Diocesan subsidy	1,000,000	-	-	1,000,000	1,000,000
In kind revenues	1,203,889	-	-	1,203,889	1,217,534
United Way	344,548	-	-	344,548	336,475
Total private support	<u>3,907,597</u>	<u>105,544</u>	<u>-</u>	<u>4,013,141</u>	<u>4,722,027</u>
PUBLIC SUPPORT AND OTHER REVENUE					
Grants:					
Federal, state, and local	4,729,699	234,200	-	4,963,899	4,382,284
Private foundation	87,382	75,000	-	162,382	247,485
Client service fees	1,281,946	-	-	1,281,946	1,237,643
Interest and investment income	26,814	-	-	26,814	28,791
Rental income	3,555,920	-	-	3,555,920	3,443,917
Management fee income	611,775	-	-	611,775	604,507
Other income	183,070	12,982	-	196,052	184,162
Total public support and other revenue	<u>10,476,606</u>	<u>322,182</u>	<u>-</u>	<u>10,798,788</u>	<u>10,128,789</u>
NET ASSETS RELEASED FROM RESTRICTIONS					
Expiration of time restrictions on capital assets	589,425	(589,425)	-	-	-
Expiration of other time restrictions	419,832	(419,832)	-	-	-
Satisfaction of donor use restrictions	97,628	(97,628)	-	-	-
Total net assets released from restrictions	<u>1,106,885</u>	<u>(1,106,885)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL PRIVATE SUPPORT, PUBLIC SUPPORT, AND OTHER REVENUE					
	<u>15,491,088</u>	<u>(679,159)</u>	<u>-</u>	<u>14,811,929</u>	<u>14,850,816</u>
EXPENSES					
Program services	14,392,289	-	-	14,392,289	12,866,968
SUPPORTING SERVICES					
Management and general	1,582,730	-	-	1,582,730	1,477,127
Development and marketing	131,093	-	-	131,093	131,081
Total supporting services	<u>1,713,823</u>	<u>-</u>	<u>-</u>	<u>1,713,823</u>	<u>1,608,208</u>
TOTAL EXPENSES	<u>16,106,112</u>	<u>-</u>	<u>-</u>	<u>16,106,112</u>	<u>14,475,176</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>(615,024)</u>	<u>(679,159)</u>	<u>-</u>	<u>(1,294,183)</u>	<u>375,640</u>
OTHER CHANGES					
Net unrealized loss on investment in common stock	(3,959)	-	-	(3,959)	(8,946)
Gain on disposal of property and equipment	-	-	-	-	2,848
Total other changes	<u>(3,959)</u>	<u>-</u>	<u>-</u>	<u>(3,959)</u>	<u>(6,098)</u>
(DECREASE) INCREASE IN NET ASSETS	<u>(618,983)</u>	<u>(679,159)</u>	<u>-</u>	<u>(1,298,142)</u>	<u>369,542</u>
NET ASSETS AT BEGINNING OF YEAR	<u>2,678,300</u>	<u>19,134,430</u>	<u>97,563</u>	<u>21,910,293</u>	<u>21,540,751</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,059,317</u>	<u>\$ 18,455,271</u>	<u>\$ 97,563</u>	<u>\$ 20,612,151</u>	<u>\$ 21,910,293</u>

See notes to the combined financial statements.

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	<u>\$ (1,298,142)</u>	<u>\$ 369,542</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,863,014	1,736,148
Gain on disposal of property and equipment	-	(2,848)
Increase (decrease) in allowance for doubtful accounts	40,904	(16,008)
Net unrealized loss on investments in common stock	3,959	8,946
Amortization of discount on long-term debt	423,160	338,526
Change in value of charitable remainder unitrust	(12,982)	25,324
(Increase) decrease in:		
Receivables	(95,104)	(544,817)
Prepaid expenses and other assets	(47,698)	5,728
Increase (decrease) in:		
Accounts payable	186,332	929,194
Accrued expenses	268,720	22,376
Deferred revenue	(43,925)	(46,680)
Total adjustments	<u>2,544,213</u>	<u>2,455,889</u>
Net cash provided by operating activities	<u>1,246,071</u>	<u>2,825,431</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	-	17,558
Purchase of property and equipment	(952,966)	(1,745,508)
Decrease in restricted cash	89,313	128,038
Cash collected from loans to program participants	30,697	34,198
Net cash used by investing activities	<u>(832,956)</u>	<u>(1,565,714)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(512,077)	(586,818)
Proceeds from line of credit	4,031,392	5,399,628
Payments on line of credit	(4,000,794)	(5,165,207)
Net cash used by financing activities	<u>(481,479)</u>	<u>(352,397)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(68,364)	907,320
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,640,630</u>	<u>733,310</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,572,266</u>	<u>\$ 1,640,630</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION AND NONCASH INVESTING AND FINANCING ACTIVITIES		
Cash paid during the year for interest	<u>\$ 220,489</u>	<u>\$ 151,975</u>

During the years ended June 30, 2017 and 2016, the Organization incurred \$707,590 and \$845,608 of debt, respectively, in connection with the acquisition of property and equipment.

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, 2017
(WITH COMPARATIVE BALANCES FOR 2016)

PROGRAM SERVICES

	FAMILY HOUSING	TEMPORARY SUPPORTIVE HOUSING	PERMANENT SUPPORTIVE HOUSING	MIGRANT FARM WORKER HOUSING	OTHER HOUSING PROGRAMS	IMMIGRATION AND REFUGEE PROGRAMS
SALARIES						
Employee salaries	\$ 40,993	\$ 700,034	\$ 550,058	\$ 103,611	\$ 469,004	\$ 472,324
Employee benefits	12,350	220,831	181,316	36,458	133,008	114,919
Employee payroll taxes	3,239	55,567	43,032	8,596	34,042	38,751
	<u>56,582</u>	<u>976,432</u>	<u>774,406</u>	<u>148,665</u>	<u>636,054</u>	<u>625,994</u>
OPERATING EXPENSES						
Contractor expenses	23,388	73,608	17,274	11,411	9,841	8,907
Professional fees	166,318	54,975	46,368	5,983	8,129	10,404
Travel expenses	3,468	9,694	11,510	2,189	17,833	29,153
Occupancy	277,164	332,724	513,302	211,420	30,757	29,433
Communications	3,674	13,439	23,393	1,202	9,363	9,575
Operating supplies	1,243	134,933	27,719	3,399	14,929	14,505
Printing and publications	1,498	1,127	166	-	160	-
Equipment	695	52,152	39,365	13,666	15,033	15,427
Computer expenses	9,613	11,750	28,758	4,265	2,319	3,945
Insurance	96,122	30,394	174,396	95,002	5,796	6,033
Dues, memberships and subscriptions	584	275	366	57	4,388	3,700
Assistance to individuals	-	-	509,694	-	126,678	384,050
In kind	-	724,826	12,255	-	-	26,443
Interest	206,886	-	133,364	252,001	5,166	743
Depreciation and amortization	539,929	59,242	598,467	463,329	49,241	20,731
Other	47,775	12,066	58,571	8,544	17,933	1,227
	<u>1,378,357</u>	<u>1,511,205</u>	<u>2,194,968</u>	<u>1,072,468</u>	<u>317,566</u>	<u>564,276</u>
TOTAL EXPENSES	<u>\$ 1,434,939</u>	<u>\$ 2,487,637</u>	<u>\$ 2,969,374</u>	<u>\$ 1,221,133</u>	<u>\$ 953,620</u>	<u>\$ 1,190,270</u>

See notes to the combined financial statements.

PREGNANCY, PARENTING SUPPORT, AND ADOPTION PROGRAMS	PROGRAM SERVICES			SUPPORTING SERVICES			TOTAL EXPENSES	
	PATHWAYS	OTHER PROGRAM SERVICES	TOTAL PROGRAM SERVICES	MGMT. & GENERAL	DEVELOPMENT & MARKETING	TOTAL SUPPORTING SERVICES	2017	2016
\$ 555,222	\$ 312,866	\$ 358,898	\$ 3,563,010	\$ 724,837	\$ 57,617	\$ 782,454	\$ 4,345,464	\$ 3,871,874
156,742	88,961	86,440	1,031,025	188,065	14,983	203,048	1,234,073	1,071,737
42,570	25,546	28,044	279,387	55,799	4,115	59,914	339,301	301,773
<u>754,534</u>	<u>427,373</u>	<u>473,382</u>	<u>4,873,422</u>	<u>968,701</u>	<u>76,715</u>	<u>1,045,416</u>	<u>5,918,838</u>	<u>5,245,384</u>
32,434	4,369	72,767	253,999	70,278	109	70,387	324,386	254,390
78,675	-	19,155	390,007	111,697	105	111,802	501,809	466,414
16,346	18,473	7,756	116,422	29,533	3,384	32,917	149,339	154,383
90,416	27,666	62,368	1,575,250	49,083	6,542	55,625	1,630,875	1,551,444
21,410	7,283	17,021	106,360	19,476	3,741	23,217	129,577	128,289
30,429	3,613	15,832	246,602	12,341	955	13,296	259,898	283,248
1,187	161	2,438	6,737	555	475	1,030	7,767	9,489
32,170	6,847	20,943	196,298	32,427	2,712	35,139	231,437	223,404
6,885	2,260	25,890	95,685	95,555	22,252	117,807	213,492	172,835
10,932	2,816	12,257	433,748	8,361	966	9,327	443,075	380,691
1,338	11	1,801	12,520	18,889	551	19,440	31,960	32,599
45,627	997,690	202,086	2,265,825	278	-	278	2,266,103	1,791,535
357,532	-	81,350	1,202,406	1,483	-	1,483	1,203,889	1,217,534
1,244	398	1,110	600,912	8,024	505	8,529	609,441	498,003
57,499	15,584	25,603	1,829,625	24,547	8,842	33,389	1,863,014	1,736,148
36,580	542	3,233	186,471	131,502	3,239	134,741	321,212	329,386
<u>820,704</u>	<u>1,087,713</u>	<u>571,610</u>	<u>9,518,867</u>	<u>614,029</u>	<u>54,378</u>	<u>668,407</u>	<u>10,187,274</u>	<u>9,229,792</u>
<u>\$ 1,575,238</u>	<u>\$ 1,515,086</u>	<u>\$ 1,044,992</u>	<u>\$ 14,392,289</u>	<u>\$ 1,582,730</u>	<u>\$ 131,093</u>	<u>\$ 1,713,823</u>	<u>\$ 16,106,112</u>	<u>\$ 14,475,176</u>

CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

1. DESCRIPTION OF BUSINESS

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

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

Basis of Accounting

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

Use of Estimates

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

CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Net Assets

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

Unrestricted Net Assets: Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets: Net assets that are subject to donor-imposed restrictions that may or will be met, either by actions of the Organization and/or the passage of time. As of June 30, 2017 and 2016, the Organization's temporarily restricted net assets consist of the following:

	<u>2017</u>	<u>2016</u>
Contributions restricted for program activities	\$ 566,330	\$ 561,464
Capital expenditures	135,154	164,994
Facilities subject to time restrictions	7,186,906	7,430,477
Charitable remainder unitrust	103,601	90,619
Unamortized discounts on below market loans	10,463,280	10,886,876
	<u>\$ 18,455,271</u>	<u>\$ 19,134,430</u>

Permanently Restricted Net Assets: Net assets that are subject to donor-imposed restrictions that will not terminate. Permanently restricted net assets at June 30, 2017 and 2016 relate to an endowment to be held in perpetuity. Earnings on the endowment are available for unrestricted use.

Cash and Cash Equivalents

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

Cash and cash equivalents are primarily maintained at major financial institutions and, at times, balances may exceed federally insured limits. The Organization has not experienced any losses related to these balances. The Organization's deposits at financial institutions in excess of federally insured limits at June 30, 2017 and 2016 approximated \$454,000 and \$414,000, respectively. Additionally, approximately \$1,342,000 and \$1,434,000 of deposits held with the Diocese are not covered by federal deposit insurance at June 30, 2017 and 2016, respectively.

Grants and Contracts Receivable

The Organization earns revenue from federal, state, county, and city grants on a cost reimbursement basis. Grant revenue is recognized as temporarily restricted revenue in the period awarded, and moved to unrestricted revenue 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, 2017 and 2016 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, 2017 and 2016.

CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The Organization receives a significant portion of its support and revenue from federal, state, and local government agencies in the form of performance and expense reimbursement contracts. Continuation of the Organization's program services is greatly dependent upon the continued support of these agencies. The Organization's grants and contract receivables at June 30, 2017 and 2016 are primarily due from the aforementioned governmental agencies.

Tenant Rents Receivable

Tenant rents receivable consist of receivables due from tenants for rental income and are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on these receivables using an allowance method. The allowance is based on historical experience and other circumstances, which may affect the ability of tenants to meet their obligations. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected. Based on management's review of tenant rents receivable, an allowance for doubtful accounts of approximately \$53,000 and \$12,000 is considered adequate at June 30, 2017 and 2016, 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 temporarily restricted net assets. Management has determined that these receivables are fully collectible, therefore, an allowance for uncollectible accounts is not considered necessary at June 30, 2017 and 2016.

Loans Receivable

Loans receivable represent funds advanced to refugees for the start-up of small businesses and are carried at unpaid principal balances, less an allowance for loan losses. The Organization records a provision for loan losses to allow for any amounts that may not be recoverable, which is based on prior collection experience and the borrower's current financial condition. The allowance is increased by provision for loan losses, which is charged to expense, and reduced by charge-offs, net of recoveries. Based on management's review of loans receivable, an allowance for loan losses of approximately \$4,000 is considered necessary at June 30, 2017 and 2016. The Organization determines loans receivable to be past due based on contractual terms.

Loans are placed on nonaccrual status when management believes, after considering economic conditions, business conditions, and collection efforts, that the loans are impaired or collection of interest is doubtful. Uncollected interest previously accrued is charged off or an allowance is established by a charge to interest income. Interest income on nonaccrual loans is recognized only to the extent cash payments are received.

Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 statements 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 unrestricted net assets 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 \$500 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

Contributions

Contributions are recognized as revenue in the period the commitment is made and are recorded as either unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the contribution as unrestricted. Otherwise, when a time restriction ends or a purpose restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the accompanying combined statements of activities as net assets released from restrictions.

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.

CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Client Service Fees

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

Donated Materials and Services

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

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

Functional Allocation of Expenses

The costs of various programs and other activities have been summarized on a functional basis in the combined statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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.

Comparative Data

The combined statements of activities and functional expenses include certain prior year summarized comparative information in total, but not by net asset class or functional category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's combined financial statements for the year ended June 30, 2016 from which the information was derived.

3. RESTRICTED CASH

Restricted cash consists of the following:

	<u>2017</u>	<u>2016</u>
Cash restricted for:		
Reserves for replacement	\$ 1,453,560	\$ 1,363,156
Various programs	208,501	397,589
Tenant security deposits	147,169	137,798
Other	3,507	3,507
	<u>\$ 1,812,737</u>	<u>\$ 1,902,050</u>

CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

4. PROPERTY AND EQUIPMENT

Property and equipment consist of:

	<u>2017</u>	<u>2016</u>
Land	\$ 3,536,582	\$ 3,493,829
Buildings and improvements	44,666,208	40,260,841
Leasehold improvements	86,371	81,149
Vehicles	478,975	442,298
Furniture and equipment	2,272,938	1,954,259
Construction in progress	603,761	3,826,932
	<u>51,644,835</u>	<u>50,059,308</u>
	<u>17,546,671</u>	<u>15,758,686</u>
	<u>\$ 34,098,164</u>	<u>\$ 34,300,622</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was approximately \$1,863,000 and \$1,736,000, 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.

5. CHARITABLE REMAINDER UNITRUST

The Organization has been named the remainder beneficiary in a charitable remainder unitrust. Under the terms of the agreement, payments are required to be made to the donor at a set percentage of the fair market value of the trust's assets as of the beginning of each year until the death of the last surviving donor. Upon the death of the last surviving donor, the Organization will receive a portion of the remaining principal in the trust. The receivable from the trust is stated at the actuarial present value of the estimated future benefits to be received when the assets of the trust are distributed, using a discount rate of 3.17%. The receivable will be adjusted in future periods to reflect accretion of the original discount. The charitable remainder unitrust receivable amounted to approximately \$104,000 and \$91,000 at June 30, 2017 and 2016, respectively.

6. LINE OF CREDIT

The Organization has a revolving line of credit with a commercial bank that allows the Organization to borrow up to \$300,000 at the one month LIBOR rate, plus 1.47%. The line is secured by the depository and investment accounts held at the commercial bank and is guaranteed by the Diocese. The line expires on June 30, 2018. The outstanding balance on the line of credit was approximately \$300,000 and \$269,000 at June 30, 2017 and 2016, respectively.

CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

7. LONG-TERM DEBT

Long-term debt consists of the following:

	2017	2016
<p><u>Jeff Forbes Center, Tampa Center, San Jose Mission I, Ruskin Industrial revenue bonds (5.4%); monthly payments of principal and interest at 67% of LIBOR, plus 2% through January 2023 (2.8% and 2.3% at June 30, 2017 and 2016, respectively); secured by real property; the Organization is required to maintain certain financial ratios, which it was in compliance with as of June 30, 2017 and 2016</u></p>	\$ 663,277	\$ 799,345
<p><u>San Jose Mission I - Hillsborough County</u> Mortgage note payable with graduated interest rate from 0% to 2% (1.25% at June 30, 2017 and 2016); monthly interest only payments through 2041; final balloon payment due in 2041: present value, net of unamortized discount, is \$322,343 and \$314,319 at June 30, 2017 and 2016, respectively</p>	750,000	750,000
<p><u>San Jose Mission I - Florida Community Loan Foundation</u> Mortgage note payable (6.25%); monthly installments of \$2,327, including interest through May 2021; balloon payment due June 2021; secured by real property</p>	310,385	318,152
<p><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 2047; payments are contingent upon positive cash flows of the financed property; secured by real property; present value, net of unamortized discount, is \$1,923,032 and \$1,849,424 at June 30, 2017 and 2016, respectively</p>	3,478,058	3,478,058
<p><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; interest value, net of unamortized discount, is \$523,750 and \$533,516 at June 30, 2017 and 2016, respectively</p>	799,275	825,633
<p><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 \$1,707,931 and \$1,739,855 at June 30, 2017 and 2016, respectively</p>	2,608,675	2,694,844

CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

7. LONG-TERM DEBT – CONTINUED

	2017	2016
<u>SunTrust Loan - Administration</u>		
Note payable (3.2%) to a commercial bank; monthly installments of \$4,080, including interest through May 2017; final balloon payment due in August 2017; guaranteed by the Diocese	5,187	62,082
 <u>Woodrow Duplex</u>		
Non-interest bearing promissory note payable to City of Largo; monthly installments of \$654 starting October 2015 through June 2030; secured by real property; present value, net of unamortized discount, is \$77,138 and \$81,262 at June 30, 2017 and 2016, respectively	103,845	111,732
 <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 forgiveness are deemed to have been met in 2009; remaining principal balance due in August 2024; secured by real property; present value, net of unamortized discount, is \$1,545,990 and \$1,475,145 at June 30, 2017 and 2016, 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 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, 2017 and 2016	-	-
 <u>Pinellas Hope III</u>		
Non-interest bearing note payable to a county government; principal balance due and forgiven in July 2044 if certain compliance obligations are met throughout the loan period; secured by real property; construction on property still in progress at June 30, 2017 and 2016	200,000	180,000

CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

7. LONG-TERM DEBT – CONTINUED

	2017	2016
<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; construction on property still in progress at June 30, 2017 and 2016	1,658,699	1,233,359
<u>CCCCDC HUD Startup</u> Non-interest bearing note payable to the Diocese; unsecured	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 \$513,065 and \$491,689 at June 30, 2017 and 2016, respectively	2,729,445	2,722,346
<u>Arbor Villas - SunTrust</u> Mortgage note payable (3%) to a commercial bank; monthly installments of \$3,333, plus interest, through August 2021; final balloon payment due September 2021; secured by real property	215,000	251,552
<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 \$281,992 and \$271,146 at June 30, 2017 and 2016, respectively	781,814	781,814
<u>The Palms at University</u> Note payable (3%); annual installments of \$45,783, including interest through July 2050; payments are contingent upon positive cash flows of the financed property; remaining principal and accrued interest will be forgiven upon maturity if certain compliance obligations are met throughout the loan period; secured by real property; present value, net of unamortized discount, is \$2,742,259 and \$2,677,311 at June 30, 2017 and 2016, respectively	3,402,000	3,402,000

CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

7. LONG-TERM DEBT – CONTINUED

	2017	2016
<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 \$361,340 and \$331,994 at June 30, 2017 and 2016, respectively	1,305,250	1,330,250
<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 \$1,038,724 and \$987,059 at June 30, 2017 and 2016, respectively	3,292,919	3,292,919
<u>Pinellas Village</u>		
Promissory note payable (3.6%) to a commercial bank; interest only installments through February 2013; monthly installments of \$14,268, including interest, from March 2013 through April 2020; final balloon payment due in May 2020; guaranteed by the Diocese; property is subject to pre-existing land use restriction agreements with various funding sources	1,640,203	1,754,070
<u>Pasco County ELI</u>		
Non-interest bearing promissory note to Pasco County; principal balance due March 1, 2022 if certain conditions are met; renewable every 5 years for 10 years at the county's option; secured by real property; present value, net of unamortized discount, is \$209,536 at June 30, 2017	251,703	-
Total long-term debt	26,595,735	26,388,156
Less unamortized discounts	10,505,884	10,886,876
Less current maturities	742,575	801,053
Long-term debt, net of unamortized discounts and current maturities	\$ 15,347,276	\$ 14,700,227

CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

7. LONG-TERM DEBT – CONTINUED

The aggregate maturities of long-term debt before discounts for each of the five years subsequent to June 30, 2017 and thereafter are as follows:

Year Ending June 30,	
2018	\$ 742,575
2019	<u>\$ 587,315</u>
2020	<u>\$ 1,869,791</u>
2021	<u>\$ 748,796</u>
2022	<u>\$ 682,777</u>
Thereafter	<u><u>\$ 21,964,481</u></u>

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 temporarily restricted contributions for the difference between the face amount of each note and the fair value of each note using discount rates ranging from 4% to 4.91%, which was 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.

8. 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 cost, which includes amortization of past service costs over periods of 15 to 30 years. Contributions of approximately \$332,000 and \$271,000 for the years ended June 30, 2017 and 2016, 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, 2016, the most recent actuarial valuation, total plan assets were approximately \$177 million, the total actuarial present value of accumulated plan benefits was approximately \$195 million, and contributions from all employers for the year ended June 30, 2016 totaled approximately \$8 million. The plan is fully funded as of June 30, 2016. The Organization did not contribute more than 5% of total contributions to the plan.

CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

9. IN-KIND REVENUE AND EXPENSE

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

	2017	2016
Services	\$ 96,172	\$ 92,078
Mileage, goods, and clothing	70,119	28,393
Pregnancy and parenting support supplies	342,710	328,539
Pinellas Hope supplies	606,888	672,524
Land and office supplies	88,000	96,000
	<u>\$ 1,203,889</u>	<u>\$ 1,217,534</u>

Other volunteers have donated significant amounts of time to the Organization's programs, including elderly services, pregnancy support services, San Jose Mission, and Pinellas Hope. For the years ended June 30, 2017 and 2016, management estimated the fair value of 32,119 and 31,330 donated volunteer hours, respectively, to be approximately \$407,000 and \$397,000, 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.

10. 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 \$176,000 and \$151,000 for the years ended June 30, 2017 and 2016, 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, 2017 are as follows:

Year Ending June 30,	
2018	<u>\$ 140,317</u>
2019	<u>\$ 92,288</u>
2020	<u>\$ 75,873</u>
2021	<u>\$ 30,000</u>
2022	<u>\$ 22,500</u>

CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

11. FAIR VALUE MEASUREMENTS

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

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

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

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

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

The fair value of assets measured on a recurring basis as of June 30, 2017 and 2016 is as follows:

	Fair Value Measurements at the End of the Reporting Period Using			
	Total	Level 1	Level 2	Level 3
<u>2017</u>				
Common stock	\$ 33,727	\$ 33,727	\$ -	\$ -
Receivable from charitable remainder unitrust	103,601	-	-	103,601
Beneficial interest in net asset held by others, included in other assets	34,844	-	34,844	-
	<u>\$ 172,172</u>	<u>\$ 33,727</u>	<u>\$ 34,844</u>	<u>\$ 103,601</u>
<u>2016</u>				
Common stock	\$ 37,686	\$ 37,686	\$ -	\$ -
Receivable from charitable remainder unitrust	90,619	-	-	90,619
Beneficial interest in net asset held by others, included in other assets	31,053	-	31,053	-
	<u>\$ 159,358</u>	<u>\$ 37,686</u>	<u>\$ 31,053</u>	<u>\$ 90,619</u>

The change in the Organization's Level 3 investments consists of unrealized gains (losses) of \$12,982 and \$(25,324) for the years ended June 30, 2017 and 2016, respectively. This is included in other income on the accompanying combined statements of activities.

CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

12. 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.

13. RELATED PARTY TRANSACTIONS

The Organization had cash deposits of approximately \$1,342,000 and \$1,434,000 with the Diocese at June 30, 2017 and 2016, respectively. Additionally, the Diocese provided support of approximately \$1,025,000 and \$1,028,000 to the Organization for the years ended June 30, 2017 and 2016, respectively. No additional support was provided during the years ended June 30, 2017 and 2016 for use in the subsequent year.

The Organization obtains all of its insurance coverage through pooled self-insurance funds of the Diocese. Insurance premiums paid to the Diocese were approximately \$1,255,000 and \$1,158,000 for the years ended June 30, 2017 and 2016, respectively. Included in accounts payable are amounts due to the Diocese of approximately \$45,000 and \$34,000 as of June 30, 2017 and 2016, respectively.

The Organization has loans outstanding to the Diocese totaling \$150,000 for both the years ended June 30, 2017 and 2016 (see Note 7).

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.

14. SPECIAL EVENTS

The Organization conducted a variety of special events during the years ended June 30, 2017 and 2016 to benefit its operations. Net special events revenue consists of the following:

	<u>2017</u>	<u>2016</u>
Gross special events revenue	\$ 301,594	\$ 424,177
Cost of special events	88,607	100,979
	<u>\$ 212,987</u>	<u>\$ 323,198</u>

15. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 7, 2017, the date on which the combined financial statements were available to be issued.

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, 2017

Federal / State Agency Pass-through Entity Federal/ State Program	CFDA/ CSFA Number	Contract/ Grant Number	Expenditures
<u>U.S. Department of Agriculture</u>			
Farm Labor Housing Loans and Grants	10.405	Loan 001	\$ 549,750
		Loan 003	249,525
		Loan 005	2,103,847
		Loan 007	504,828
Subtotal - U.S. Department of Agriculture			<u>3,407,950</u>
<u>U.S. Department of Health and Human Services</u>			
Passed-through from United States Conference of Catholic Bishops: Refugee and Entrant Assistance - Voluntary Agency Programs	93.567	90RV00491003	223,899
Passed-through from Central Florida Behavioral Health Network, Inc.: Block Grants for Community Mental Health Services	93.958	QB005	<u>47,875</u>
Subtotal - U.S. Department of Health and Human Services			<u>271,774</u>
<u>U.S. Department of Homeland Security</u>			
Passed-through from United States Conference of Catholic Bishops: Cuban/Haitian Entrant Program	97.009	N/A	<u>60,873</u>
Subtotal - U.S. Department of Homeland Security			<u>60,873</u>
<u>U.S. Department of Housing and Urban Development</u>			
Continuum of Care Program	14.267	FL0163L4H191407	23,987
		FL0163L4H191508	130,223
		FL0505L4H011401	400,479
		FL0505L4H011502	552,556
		FL0603L4H021500	176,021
			<u>1,283,266</u>
Passed-through from the City of Tampa, Florida: Housing Opportunities for Persons with AIDS	14.241	HCD15-38	145,131
		PO117214753	501,580
		HCD15-37	64,915
		PO117213526	247,545
		PO117213513	57,474
		HCD15-36	76,983
		PO117213515	67,151
			<u>1,160,779</u>

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

CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE – CONTINUED
FOR THE YEAR ENDED JUNE 30, 2017

Federal / State Agency Pass-through Entity Federal/ State Program	CFDA/ CSFA Number	Contract/ Grant Number	Expenditures
<u>U.S. Department of Housing and Urban Development (continued)</u>			
Community Development Block Grant/Entitlement Grants	14.218	2013-06 2009-783	28,000 <u>2,942,919</u> <u>2,970,919</u>
Passed-through from Hillsborough County, Florida:			
Community Development Block Grant/Entitlement Grants	14.218	08-0612	550,000
HOME Investments Partnerships Program	14.239	08-0613	2,428,058
Community Development Block Grant/State Programs	14.218	N/A	<u>3,402,000</u> <u>6,380,058</u>
Passed-through from Catholic Charities USA:			
Housing Counseling Assistance Program	14.169	N/A	<u>22,000</u>
Passed-through from Pinellas County, Florida:			
Emergency Solutions Grant Program	14.231	ESG16CC	<u>72,157</u>
Passed-through from City of Largo, Florida:			
Community Development Block Grant/Entitlement Grants	14.218	N/A	<u>12,950</u>
Passed-through from City of Clearwater, Florida:			
HOME Investments Partnerships Program	14.239	N/A	<u>25,000</u>
Passed-through from City of St. Petersburg, Florida:			
Community Development Block Grant/Entitlement Grants	14.218	B-16-MC-12-0017	25,000
American Recovery and Reinvestment Act	14.256	N/A	781,814
Emergency Solutions Grant Program	14.231	E-16-MC-12-0017	<u>67,203</u> <u>874,017</u>
Passed-through from MidFlorida Homeless Coalition:			
Emergency Solutions Grant Program	14.231	PPZ55	18,905
Challenge Grant	14.231	PPZ58	<u>12,643</u> <u>31,548</u>
Passed-through from Pasco County, Florida:			
American Recover and Reinvestment Act	14.256	N/A	1,305,250
Emergency Solutions Grant Program	14.231	N/A	2,729,445
		N/A	36,552
		N/A	<u>24,724</u> <u>4,095,971</u>
Subtotal - U.S. Department of Housing and Urban Development			<u>16,928,665</u>
<u>U.S. Department of the Treasury</u>			
Passed-through from Catholic Charities USA:			
National Foreclosure Mitigation Counseling Program	21.000	PL110-161:95X1350	<u>7,506</u>
Subtotal - U.S. Department of the Treasury			<u>7,506</u>

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

CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE – CONTINUED
FOR THE YEAR ENDED JUNE 30, 2017

Federal / State Agency Pass-through Entity Federal/ State Program	CFDA/ CSFA Number	Contract/ Grant Number	Expenditures
<u>U.S. Department of State</u>			
Passed-through from United States Conference of Catholic Bishops: U.S. Refugee Admissions Program	19.510	N/A	350,761
Subtotal - U.S. Department of State			350,761
<u>U.S. Department of Veterans Affairs</u>			
VA Homeless Providers Grant and Per Diem Program	64.024	12-92-FL	309,901
Subtotal - U.S. Department of Veteran Affairs			309,901
Total Federal Expenditures			\$ 21,337,430
<u>State of Florida Agency for Health Care Administration</u>			
Community Primary Care Services	68.012	GFA010	\$ 58,887
Subtotal - State of Florida Agency for Health Care Administration			58,887
<u>State of Florida Department of Health</u>			
Passed-through Florida Pregnancy Care Network, Inc.: Pregnancy Support Services Program	64.080	N/A	238,805
Subtotal - State of Florida Department of Health			238,805
<u>State of Florida Housing Finance Corporation</u>			
Passed through Hillsborough County, Florida: State Housing Initiatives Partnership Program	52.901	02-0724 08-0611	500,000 750,000 1,250,000
Passed-through City of Tampa, Florida: State Housing Initiatives Partnership Program	52.901	N/A	350,000 350,000
Subtotal - State of Florida Housing Finance Corporation			1,600,000
Total State Financial Assistance			\$ 1,897,692

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, 2017**

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, 2017. 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 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.

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 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, 2017 included on the schedule for which the federal government imposes continuing compliance requirements amounted to \$17,547,436.

**SAN JOSE MISSION PHASE II AND III
BALANCE SHEET
JUNE 30, 2017**

ASSETS

CURRENT ASSETS

Cash and cash equivalents:	
Operating cash	\$ 630
Restricted reserve account	313,202
Restricted security deposits	8,367
Tenant rents receivable, net of allowance for doubtful accounts of \$6,385	<u>6,577</u>
Total current assets	<u><u>328,776</u></u>

PROPERTY AND EQUIPMENT

Land	302,899
Buildings and improvements	7,981,956
Vehicles	5,951
Furniture and equipment	<u>40,197</u>
	8,331,003
Accumulated depreciation	<u>(1,867,165)</u>
Total property and equipment	<u><u>6,463,838</u></u>
	<u><u>\$ 6,792,614</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current maturities of long-term debt	\$ 187,428
Accounts payable	3,071
Accrued expenses	13,966
Security deposit liability	7,050
Deferred revenue	<u>4,825</u>
Total current liabilities	<u><u>216,340</u></u>

LONG-TERM LIABILITIES

Amounts due to affiliate	199,639
Long-term debt, net of unamortized discounts and current maturities	<u>3,649,745</u>
Total long-term liabilities	<u><u>3,849,384</u></u>

NET ASSETS

Unrestricted	(267,515)
Temporarily restricted	<u>2,994,405</u>
Total net assets	<u><u>2,726,890</u></u>
	<u><u>\$ 6,792,614</u></u>

See independent auditors' report.

**SAN JOSE MISSION PHASE II AND III
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE			
Rental income	\$ 139,146	\$ -	\$ 139,146
USDA subsidy	227,972	-	227,972
Tenant charges	675	-	675
Security deposit forfeitures	2,200	-	2,200
Total revenue	<u>369,993</u>	<u>-</u>	<u>369,993</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
Expiration of time restrictions on capital assets	182,625	(182,625)	-
Expiration of other time restrictions	<u>132,364</u>	<u>(132,364)</u>	<u>-</u>
Total net assets released from restrictions	<u>314,989</u>	<u>(314,989)</u>	<u>-</u>
TOTAL REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS	<u>684,982</u>	<u>(314,989)</u>	<u>369,993</u>
OPERATING EXPENSES			
Salaries and wages	36,539	-	36,539
Payroll taxes and benefits	16,258	-	16,258
Contractor expenses	3,861	-	3,861
Management fees	23,400	-	23,400
Utilities	49,011	-	49,011
Grounds maintenance and supplies	19,264	-	19,264
Security expenses	702	-	702
Insurance	31,087	-	31,087
Interest	167,656	-	167,656
Other	11,367	-	11,367
Depreciation	<u>230,073</u>	<u>-</u>	<u>230,073</u>
Total operating expenses	<u>589,218</u>	<u>-</u>	<u>589,218</u>
INCREASE (DECREASE) IN NET ASSETS	95,764	(314,989)	(219,225)
NET ASSETS AT BEGINNING OF YEAR	<u>(363,279)</u>	<u>3,309,394</u>	<u>2,946,115</u>
NET ASSETS AT END OF YEAR	<u>\$ (267,515)</u>	<u>\$ 2,994,405</u>	<u>\$ 2,726,890</u>

See independent auditors' report.

**SAN JOSE MISSION PHASE II AND III
STATEMENT OF CASH FLOWS – DIRECT METHOD
FOR THE YEAR ENDED JUNE 30, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received:	
Cash receipts from rentals	\$ 139,146
USDA subsidy receipts	227,972
Rental charges	675
Total cash received	367,793
Expenses paid:	
Salaries and wages	36,539
Payroll taxes and benefits	16,258
Management fees	23,400
Contractor expenses	3,861
Utilities	49,011
Grounds maintenance and supplies	19,264
Security expenses	702
Insurance	31,087
Interest	35,293
Other	4,183
Total expenses paid	219,598
Net cash provided by operating activities	148,195

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(3,204)
Advances repaid by affiliate	3,589
Deposits to the reserve account	(41,536)
Net cash used by investing activities	(41,151)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on long-term debt	(112,528)
Net cash used by financing activities	(112,528)

NET CHANGE IN CASH AND CASH EQUIVALENTS (5,484)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 6,114

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 630

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

Change in net assets	\$ (219,225)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	230,073
Amortization of discounts on long-term debt	132,364
Changes in assets and liabilities:	
Decrease in accounts receivable	10,092
Decrease in prepaid expenses	278
Increase in accounts payable	15
Increase in accrued expenses	469
Decrease in deferred revenue	(5,871)
Net cash provided by operating activities	\$ 148,195

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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2017 and the related combined statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the combined financial statements (the "financial statements"), and have issued our report thereon dated December 7, 2017.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Warren Averett, LLC

Tampa, Florida
December 7, 2017

**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***

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

Report on Compliance for Each Major Federal Program and State Project

We have audited Catholic Charities, Diocese of St. Petersburg, Inc. and Affiliates' (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the Executive Officer of the Florida Governor's State Project Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended June 30, 2017. The Organization's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program and State Project

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Warren Averett, LLC

Tampa, Florida
December 7, 2017

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	Yes <input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Significant deficiency(ies) identified?	Yes <input type="checkbox"/>	None Reported	<input checked="" type="checkbox"/>
Non-compliance material to financial statements noted?	Yes <input type="checkbox"/>	No	<input checked="" type="checkbox"/>

Federal and State Awards

Internal control over major federal programs:			
Material weakness(es) identified?	Yes <input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Significant deficiency(ies) identified?	Yes <input type="checkbox"/>	None Reported	<input checked="" type="checkbox"/>
Internal control over major state projects:			
Material weakness(es) identified?	Yes <input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Significant deficiency(ies) identified?	Yes <input type="checkbox"/>	None Reported	<input checked="" type="checkbox"/>
Type of auditors’ report issued on compliance for major federal programs and state projects	<u>Unmodified</u>		
Any audit findings disclosed that are to be reported in accordance with <i>the Uniform Guidance</i> and <i>Chapter 10.650(1)(h) of Rules of the State of Florida Auditor General?</i>	Yes <input type="checkbox"/>	No	<input checked="" type="checkbox"/>

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.567	Refugee and Entrant Assistance-Voluntary Agency
14.231	Emergency Solutions Grant Program
14.256	Neighborhood Stabilization Program
 <u>CFSA Number</u>	 <u>Name of State Project</u>
52.901	State Housing Initiatives Partnership Program

See independent auditors’ report.

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
YEAR ENDED JUNE 30, 2017**

Section I – Summary of Auditors’ Results (continued)

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

Dollar threshold used to distinguish between Type A and
Type B major state projects \$ 300,000

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – State Award Findings and Questioned Costs

None

Section V – Other Issues

There were no prior audit findings on compliance for each major program, or internal control over compliance, with the requirements described in *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*.

See independent auditors’ report.

**UNAUDITED SUPPLEMENTARY INFORMATION
FOR THE STATE FISCAL YEAR ENDED JUNE 30, 2017**

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES
SCHEDULE OF STATE EARNINGS (BENEDICT HAVEN)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

1. Total expenditures	\$ 289,848
2. Less other state and federal funds	-
3. Less non-match SAMH Funds	-
4. Less unallowable costs per 65E-14, FAC	-
5. Total Allowable Expenditures (Sum of lines 1, 2, 3, and 4)	<u>\$ 289,848</u>
6. Total amount of state earnings (Line 5 times 75%)	217,386
7. Amount of state funds requiring match	<u>47,876</u>
8. Amount due to department (Subtract line 7 from line 6. If negative, the amount of the difference is due the department up to the amount of line 7)	<u><u>\$ 169,510</u></u>

See independent auditors' report.

**CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES
 SCHEDULE OF RELATED PARTY TRANSACTION ADJUSTMENTS (BENEDICT HAVEN)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017
 (UNAUDITED)**

	Related Party	Allocation of Related Party Transactions Adjustment				Total
		State-Designated Cost Centers				
		1	2	3	
Revenues From Grantee						
Rent	XXX					0
Services	XXX					0
Interest	XXX					0
Other	XXX					0
Total Revenue From Grantee	<u>XXX</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenses Associated with Grantee Transactions						
Personnel Services	YYY					0
Depreciation	YYY					0
Interest	YYY					0
Other	YYY					0
Total Associated Expenses	<u>YYY</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Related Party Transaction Adjustment	<u>ZZZ</u>	<u>ZZZ</u>	<u>ZZZ</u>	<u>ZZZ</u>	<u>ZZZ</u>	<u>ZZZ</u>

THIS SCHEDULE IS NOT APPLICABLE TO THE ORGANIZATION

See independent auditors' report.

CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES
SCHEDULE OF BED-DAY AVAILABILITY PAYMENTS (BENEDIT HAVEN)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

				Total Units of Service Paid for by 3rd Party Contracts, Local Govt. or Other State Agencies	Maximum # of Units Eligible for Payment by Department	Amount Paid for Services by the Department	Maximum \$ Value of Units in Column F	Amount Owed to Department
Program	Cost Center	State Contracted Rate	Total Units of Service Provided		(D-E)	G	(F x C)	(G-H or \$0, whichever is greater)
A	B	C	D	E	F	G	H	I
Children's MH	Crisis Stabilization Unit				0		\$0.00	\$0.00
Adult MH	Crisis Stabilization Unit				0		\$0.00	\$0.00
Children's SA	Substance Abuse Detox				0		\$0.00	\$0.00
Adult SA	Substance Abuse Detox				0		\$0.00	\$0.00
Adult MH	Short-term Residential Treatment	\$118.28	405	0	405	\$47,876.00	\$47,876.00	\$0.00
					0		\$0.00	\$0.00
					0		\$0.00	\$0.00
					0		\$0.00	\$0.00
					0		\$0.00	\$0.00
					Total Amount Owed to Department =			\$0.00

See independent auditors' report.

CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES
SCHEDULE OF SUBSTANCE ABUSE & MENTAL HEALTH SERVICES
PROGRAM / COST CENTER ACTUAL EXPENSES AND REVENUE (BENEDICT HAVEN)
CONTRACT #QB005 / DATE PREPARED: NOVEMBER 13, 2017
BUDGET PERIOD: FROM JULY 1, 2016 TO JUNE 30, 2017
(UNAUDITED)

PART I: ACTUAL FUNDING SOURCES & REVENUES											
STATE-DESIGNATED SAMH COST CENTERS											
STATE SAMH-FUNDED COST CENTERS											
FUNDING SOURCES & REVENUES	Program 1			Program 2			Total for State SAMH-Funded Cost Centers (C ₁ +...+C _x)	Total for Non-State-Funded SAMH Cost Centers E	Tot. for All State-Designated SAMH Cost Centers (D+E) F	Non-SAMH Cost Center G	Total Funding (F+G) H
	Recovery & Resiliency Comm Mental Hlth Svc B _{1-a}	(CC name) B _{1-b}	Total for Program 1 (B _{1-a} +...+B _{1-x}) C ₁	(CC name) B _{2-a}	(CC name) B _{2-b}	Total for Program 2 (B _{2-a} +...+B _{2-x}) C ₂					
A	B _{1-a}	B _{1-b}	C ₁	B _{2-a}	B _{2-b}	C ₂	D	E	F	G	H
IA. STATE SAMH FUNDING											
(1) CFBHN	47,876.00		47,876.00				47876		47876		47876
(2) Behavioral Health Fee	-		-				0		0		0
(3)			-				0		0		0
(4)			-				0		0		0
(5)			-				0		0		0
(6) From Other Districts			-				0		0		0
TOTAL STATE SAMH FUNDING=	47,876.00	-	47,876.00	0	0	0	47876	0	47876	0	47876
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
IB. OTHER GOVT. FUNDING											
(1) Other State Agency Funding			-				0		0		0
(2) Medicaid - Suncoast Region			-				0		0		0
(3) Medicaid - All other Regions			-				0		0		0
(4) Local Government			-				0		0		0
(5) Federal Grants and Contracts			-				0		0		0
(6) In-kind from local govt. only			-				0		0		0
TOT. OTHER GOVT. FUNDING=	-	-	-	0	0	0	0	0	0	0	0
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
IC. ALL OTHER REVENUES											
(1) 1st & 2nd Party Payments	102,014.00		102,014.00				102014		102014		102014
(2) 3rd Party Payments (except Medicare)	-		-				0		0		0
(3) Medicare	-		-				0		0		0
(4) Contributions and Donations	12,175.00		12,175.00				12175		12175		12175
(5) Other	126.00		126.00				126		126		126
(6) In-kind			-				0		0		0
TOT. ALL OTHER REVENUES =	114,315.00	-	114,315.00	0	0	0	114315	0	114315	0	114315
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FUNDING=	162,191.00	-	162,191.00	0	0	0	162191	0	162191	0	162191
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

See independent auditors' report.

CATHOLIC CHARITIES, DIOCESE OF ST. PETERSBURG, INC. AND AFFILIATES
SCHEDULE OF SUBSTANCE ABUSE & MENTAL HEALTH SERVICES
PROGRAM / COST CENTER ACTUAL EXPENSES AND REVENUE (BENEDICT HAVEN)
CONTRACT #QB005 / DATE PREPARED: NOVEMBER 13, 2017
BUDGET PERIOD: FROM JULY 1, 2016 TO JUNE 30, 2017
(UNAUDITED)

PART II: ACTUAL EXPENSES													
STATE-DESIGNATED SAMH COST CENTERS													
STATE SAMH-FUNDED COST CENTERS													
EXPENSE CATEGORIES	Program 1			Program 2			Total for State-Funded AMH Cost Centers (C ₁ +...+C _x)	Total for Non-State-Funded SAMH Cost Centers	Tot. for All State-Designated SAMH Cost Centers (D+E)	Non-SAMH Cost Center	Other Support Costs (optional)	Administration	Total Expenses (F+G+H+I+J)
	Recovery & Resiliency Comm Mental Hlth Svc	(CC name)	Program 1 Total (B1-a+...+B1-x)	(CC name)	(CC name)	Program 2 Total (B2-a+...+B2-x)							
A	B1-a	B1-b	C1	B2-a	B2-b	C2	D	E	F	G	H	I	J
IIA. PERSONNEL EXPENSES													
(1) Salaries	111,315.81		111,315.81			0	111315.81		111315.81			33393.88	144709.69
(2) Fringe Benefits	47,428.18		47,428.18			0	47428.18		47428.18			14153.32	61581.5
TOTAL PERSONNEL EXPENSES =	158,743.99	-	158,743.99	0	0	0	158743.99	0	158743.99	0	0	47547.2	206291.19
IIIB. OTHER EXPENSES													
(1) Building Occupancy	15,773.68		15,773.68			0	15773.68		15773.68				15773.68
(2) Professional Services	644.90		644.90			0	644.9		644.9				644.9
(3) Travel	2,074.93		2,074.93			0	2074.93		2074.93				2074.93
(4) Equipment	6,344.21		6,344.21			0	6344.21		6344.21				6344.21
(5) Food Services	7,757.96		7,757.96			0	7757.96		7757.96				7757.96
(6) Medical and Pharmacy	311.92		311.92			0	311.92		311.92				311.92
(7) Subcontracted Services	-		-			0	0		0				0
(8) Insurance	5,602.28		5,602.28			0	5602.28		5602.28				5602.28
(9) Interest Paid	-		-			0	0		0				0
(10) Operating Supplies & Expenses	14,194.44		14,194.44			0	14194.44		14194.44				14194.44
(11) Other - Admin Allocation	-		-			0	0		0			30852.45	30852.45
(12) Donated Items	-		-			0	0		0				0
TOTAL OTHER EXPENSES =	52,704.32	-	52,704.32	0	0	0	52704.32	0	52704.32	0	0	30852.45	83556.77
TOT. PERSONNEL & OTH. EXP. =	211,448.31	-	211,448.31	0	0	0	211448.31	0	211448.31	0	0	78399.65	289847.96
IIIC. DISTRIBUTED INDIRECT COSTS													
(a) Other Support Costs (Optional)			-			0	0		0		0	0	0
(b) Administration	78,399.65		78,399.65			0	78399.65		78399.65			-78399.65	0
TOT. DISTR'D INDIRECT COSTS =	78,399.65	-	78,399.65	0	0	0	78399.65	0	78399.65	0	0	-78399.65	0
TOTAL ACTUAL OPER. EXPENSES =	289,847.96	-	289,847.96	0	0	0	289847.96	0	289847.96	0	0	0	289847.96
IIID. UNALLOWABLE COSTS													
			-			0	0		0		XXXXXXXXXX	XXXXXXXXXX	0
TOT. ALLOWABLE OPER. EXP. =	289,847.96	-	289,847.96	0	0	0	289847.96	0	289847.96	0	XXXXXXXXXX	XXXXXXXXXX	289847.96
IIIE. CAPITAL EXPENDITURES													
	-		-			0	0		0				0

See independent auditors' report.