

**CATHOLIC CHARITIES OF THE
DIOCESE OF FRESNO**

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
JUNE 30, 2022 AND 2021**

**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor’s Report	1
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	7
Statements of Cash Flows.....	9
Notes to the Financial Statements.....	10
Supplementary Information	
Schedule of Expenditures of Federal Awards	22
Notes to the Schedule of Expenditures of Federal Awards.....	23
Other Independent Auditor’s Reports	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	28
Findings And Questioned Costs	
Schedule of Findings and Questioned Costs	32
Summary Schedule of Prior Audit Findings.....	34



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Catholic Charities of the Diocese of Fresno
Fresno, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Catholic Charities of the Diocese of Fresno (the Organization), a nonprofit organization, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Catholic Charities of the Diocese of Fresno as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 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.

Price Pange & Company

Clovis, California
March 29, 2023

FINANCIAL STATEMENTS

CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,653,557	\$ 3,881,306
Investments	1,355,257	1,587,468
Grants receivable	1,213,391	423,969
Inventory	151,806	209,576
Prepaid expenses	10,618	634
Total current assets	6,384,629	6,102,953
Cash - trust funds	437,130	2,752,269
Property and equipment, net	1,826,060	1,735,622
Total assets	\$ 8,647,819	\$ 10,590,844
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 315,312	\$ 104,309
Accrued expenses	97,432	68,234
Unearned revenue	31,184	79,599
Total current liabilities	443,928	252,142
Trust funds payable	437,130	2,752,269
Total liabilities	881,058	3,004,411
Net assets:		
With donor restrictions	373,812	391,042
Without donor restrictions	7,392,949	7,195,391
Total net assets	7,766,761	7,586,433
Total liabilities and net assets	\$ 8,647,819	\$ 10,590,844

See Independent Auditor's Report and Notes to the Financial Statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and support:			
Contributions:			
Cash and cash equivalents	\$ 1,503,657	\$ 80,000	\$ 1,583,657
Nonfinancial assets	2,733,029	-	2,733,029
Grant revenue	2,725,019	-	2,725,019
Thrift shop sales	173,688	-	173,688
Program service fees	205,194	-	205,194
Special events, net of direct expenses of \$134,500	940,268	-	940,268
Other income	19,218	-	19,218
Investment gains (losses), net	<u>(240,727)</u>	<u>-</u>	<u>(240,727)</u>
Total revenues and support before net assets released from restriction	<u>8,059,346</u>	<u>80,000</u>	<u>8,139,346</u>
Net assets released from restriction	<u>97,230</u>	<u>(97,230)</u>	<u>-</u>
Total revenues and support after reclassification of net assets released from restriction	<u>8,156,576</u>	<u>(17,230)</u>	<u>8,139,346</u>
Expenses:			
Program services:			
Social services	5,446,745	-	5,446,745
Payee services	497,908	-	497,908
Senior companion services	502,072	-	502,072
Thrift shop	121,831	-	121,831
Career and Education Center	16,651	-	16,651
Disaster management	<u>615,236</u>	<u>-</u>	<u>615,236</u>
Total program services	<u>7,200,443</u>	<u>-</u>	<u>7,200,443</u>
Supporting services:			
Management and general	444,953	-	444,953
Fundraising	<u>313,622</u>	<u>-</u>	<u>313,622</u>
Total supporting services	<u>758,575</u>	<u>-</u>	<u>758,575</u>
Total expenses	<u>7,959,018</u>	<u>-</u>	<u>7,959,018</u>
Changes in net assets	197,558	(17,230)	180,328
Net assets, beginning of year	<u>7,195,391</u>	<u>391,042</u>	<u>7,586,433</u>
Net assets, end of year	<u>\$ 7,392,949</u>	<u>\$ 373,812</u>	<u>\$ 7,766,761</u>

See Independent Auditor's Report and Notes to the Financial Statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and support:			
Contributions:			
Cash and cash equivalents	\$ 1,144,923	\$ 5,000	\$ 1,149,923
Nonfinancial assets	3,376,272	-	3,376,272
Grant revenue	2,039,235	20,000	2,059,235
Thrift shop sales	126,632	-	126,632
Program service fees	320,286	-	320,286
Special events, net of direct expense of \$187,908	879,636	-	879,636
Forgiveness of PPP loan	305,400	-	305,400
Other income	25,535	-	25,535
Investment gains (losses), net	<u>309,416</u>	<u>-</u>	<u>309,416</u>
Total revenues and support before net assets released from restriction	<u>8,527,335</u>	<u>25,000</u>	<u>8,552,335</u>
Net assets released from restriction	<u>278,538</u>	<u>(278,538)</u>	<u>-</u>
Total revenues and support after reclassification of net assets released from restriction	<u>8,805,873</u>	<u>(253,538)</u>	<u>8,552,335</u>
Expenses:			
Program services:			
Social services	5,521,681	-	5,521,681
Payee services	586,549	-	586,549
Senior companion services	470,672	-	470,672
Thrift shop	113,771	-	113,771
Career and Education Center	35,867	-	35,867
Disaster management	<u>19,304</u>	<u>-</u>	<u>19,304</u>
Total program services	<u>6,747,844</u>	<u>-</u>	<u>6,747,844</u>
Supporting services:			
Management and general	479,357	-	479,357
Fundraising	<u>270,790</u>	<u>-</u>	<u>270,790</u>
Total supporting services	<u>750,147</u>	<u>-</u>	<u>750,147</u>
Total expenses	<u>7,497,991</u>	<u>-</u>	<u>7,497,991</u>
Changes in net assets	1,307,882	(253,538)	1,054,344
Net assets, beginning of year	<u>5,887,509</u>	<u>644,580</u>	<u>6,532,089</u>
Net assets, end of year	<u>\$ 7,195,391</u>	<u>\$ 391,042</u>	<u>\$ 7,586,433</u>

See Independent Auditor's Report and Notes to the Financial Statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	Program Services - 90%						Supporting Services - 10%		Total
	Social Services	Payee Services	Senior Companion Services	Thrift Shop	Career and Education Center	Disaster Management	Management and General	Fundraising	
Personnel expenses:									
Salaries	\$ 681,131	\$ 275,835	\$ 90,649	\$ 61,404	\$ 6,593	\$ 394,560	\$ 247,539	\$ 174,132	\$ 1,931,843
Payroll taxes and benefits	<u>210,939</u>	<u>88,054</u>	<u>34,433</u>	<u>25,029</u>	<u>734</u>	<u>94,680</u>	<u>57,470</u>	<u>38,028</u>	<u>549,367</u>
Total personnel expenses	892,070	363,889	125,082	86,433	7,327	489,240	305,009	212,160	2,481,210
Depreciation	91,318	1,773	-	8,773	36	-	25,171	-	127,071
Equipment lease	7,562	4,558	1,129	673	-	3,329	4,735	-	21,986
Food and other assistance	4,038,645	-	15,230	-	-	-	-	-	4,053,875
Maintenance and repairs	37,009	6,251	2,004	3,196	-	5,834	2,250	-	56,544
Materials and supplies	141,271	22,333	22,670	5,704	1,236	22,586	2,613	6,591	225,004
Meals	197	-	1,417	-	-	-	5,577	770	7,961
Occupancy and telephone	81,227	40,059	14,135	8,468	52	49,577	16,886	5,220	215,624
Other expenses	23,287	7,076	4,332	2,929	-	2,409	39,796	15,212	95,041
Postage	576	4,437	1,544	-	-	89	810	6,397	13,853
Printing	8,137	18	6	4	-	692	-	21,688	30,545
Professional services	31,716	4,959	3,859	2,071	-	6,075	33,602	40,628	122,910
Scholarships	-	-	-	-	8,000	-	-	-	8,000
Security	77,318	36,947	5,917	3,528	-	17,412	6,872	2,710	150,704
Stipends	-	-	244,683	-	-	-	-	-	244,683
Travel and conferences	<u>16,412</u>	<u>5,608</u>	<u>60,064</u>	<u>52</u>	<u>-</u>	<u>17,993</u>	<u>1,632</u>	<u>2,246</u>	<u>104,007</u>
Total expenses	<u>\$ 5,446,745</u>	<u>\$ 497,908</u>	<u>\$ 502,072</u>	<u>\$ 121,831</u>	<u>\$ 16,651</u>	<u>\$ 615,236</u>	<u>\$ 444,953</u>	<u>\$ 313,622</u>	<u>\$ 7,959,018</u>

See Independent Auditor's Report and Notes to the Financial Statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services - 90%						Supporting Services - 10%		Total
	Social Services	Payee Services	Senior Companion Services	Thrift Shop	Career and Education Center	Disaster Management	Management and General	Fundraising	
Personnel expenses:									
Salaries	\$ 423,026	\$ 291,323	\$ 87,530	\$ 55,965	\$ 20,685	\$ 15,687	\$ 264,174	\$ 167,255	\$ 1,325,645
Payroll taxes and benefits	<u>149,833</u>	<u>115,082</u>	<u>25,765</u>	<u>15,888</u>	<u>4,484</u>	<u>1,770</u>	<u>62,669</u>	<u>35,181</u>	<u>410,672</u>
Total personnel expenses	572,859	406,405	113,295	71,853	25,169	17,457	326,843	202,436	1,736,317
Depreciation	90,788	1,773	-	8,773	36	-	25,171	-	126,541
Equipment lease	12,872	6,172	1,558	1,169	-	-	4,626	-	26,397
Food and other assistance	4,537,129	-	10,467	-	-	312	-	-	4,547,908
Maintenance and repairs	25,994	5,955	2,047	4,569	-	-	31,213	-	69,778
Materials and supplies	100,617	34,157	42,269	6,906	2,662	1,116	5,760	6,172	199,659
Meals	520	137	836	-	-	-	4,792	394	6,679
Occupancy and telephone	61,573	41,935	12,273	8,850	-	-	2,328	1,320	128,279
Other expenses	23,556	12,762	6,867	2,498	-	-	31,909	4,153	81,745
Postage	3,192	7,386	2,487	-	-	41	714	6,175	19,995
Printing	771	7,015	-	183	-	71	383	16,100	24,523
Professional services	17,175	8,520	3,829	2,459	-	193	32,819	28,506	93,501
Scholarships	-	-	-	-	8,000	-	-	-	8,000
Security	66,341	50,655	9,108	6,485	-	-	12,030	4,669	149,288
Stipends	-	-	254,380	-	-	-	-	-	254,380
Travel and conferences	<u>8,294</u>	<u>3,677</u>	<u>11,256</u>	<u>26</u>	<u>-</u>	<u>114</u>	<u>769</u>	<u>865</u>	<u>25,001</u>
Total expenses	<u>\$ 5,521,681</u>	<u>\$ 586,549</u>	<u>\$ 470,672</u>	<u>\$ 113,771</u>	<u>\$ 35,867</u>	<u>\$ 19,304</u>	<u>\$ 479,357</u>	<u>\$ 270,790</u>	<u>\$ 7,497,991</u>

See Independent Auditor's Report and Notes to the Financial Statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 180,328	\$ 1,054,344
Adjustments to reconcile change in net assets to net cash provided in operating activities:		
Depreciation	122,910	126,541
(Gain)/loss on disposal of assets	-	(3,500)
Unrealized (gain)/loss on investments	269,164	(39,085)
Forgiveness of PPP loan	-	(305,400)
Change in operating assets and liabilities:		
Decrease (increase) in:		
Grants receivable	(789,422)	(282,471)
Bequests receivable	-	219,161
Inventory	57,770	(69,259)
Prepaid expenses	(9,984)	1,289
Increase (decrease) in:		
Accounts payable	211,003	5,250
Accrued expenses	29,198	5,387
Unearned revenue	(48,415)	(64,656)
	22,552	647,601
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property and equipment	-	3,500
Purchase of property and equipment	(217,509)	(32,825)
Purchase of marketable securities	(36,953)	(265,688)
	(254,462)	(295,013)
Net cash provided by (used in) investing activities		
Net increase (decrease) in cash	(231,910)	352,588
Cash and cash equivalents, beginning of year	3,881,306	3,528,718
Cash and cash equivalents, end of year	\$ 3,649,396	\$ 3,881,306

See Independent Auditor's Report and Notes to the Financial Statements.

CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 – ORGANIZATION AND OPERATIONS

Catholic Charities of the Diocese of Fresno (the Organization) is a not-for-profit organization established to provide various programs to help individuals in need. The programs operate in the San Joaquin Valley of California in Fresno, Kern, and Merced counties. The following summary provides an overview of programs:

Social Services – The Social Services Programs provide for the poor and vulnerable individuals that are in need. The help provided to these individuals are far-reaching and diverse. The various social service departments provide for needs not covered by other programs. Some of the services include emergency assistance such as food baskets to individuals living at or below the federal poverty level, clothing and shelter, rent and utility assistance. Funds for emergency travel, help with certain prescriptions, ID's, burial assistance, and referral services are also provided.

Payee Services – Representative Payee Program provides assistance to any person needing help with the management of their monthly resources. The program was discontinued as of March 31, 2022.

Senior Companion Program – The Senior Companion Program provides senior companions (volunteers age 60 and over) who provide assistance and friendship to other seniors who have difficulty with their daily living tasks. The service these companions provide help the weak and frail elderly live independently in their own homes instead of moving to institutional care. Eligible senior companions earn a small tax-free stipend to cover the cost of serving. They also receive reimbursement for transportation, an annual physical examination and supplemental accident and liability coverage while they are serving.

Thrift Shop – The Thrift Shops accept donations of clothing, furniture, utensils and other household items from the community. These goods are sold to the public and the proceeds used to carry out the Organization's mission. Clothing is given to people in need that are referred to the Organization by other agencies and churches at no cost.

Career and Education Center – The Career and Education Center provides clients with courses taught by certified instructors such as General Educational Diploma preparedness and vocational skills, including computer, time and life management, communication, and customer service. The courses are provided at no charge to clients and with no eligibility requirements in order to further encourage success and self-sufficiency and help broaden their knowledge and education. The Career and Education Center was closed July 1, 2022.

Disaster Management – The Disaster Relief Center at Catholic Charities is currently serving survivors of the January 2023 flooding in Merced County and the September 2020 Creek Fire in Fresno County. This program is focused on disaster case management that works alongside survivors of natural disasters to create a recovery plan while connecting them with available resources for an achievable and successful long-term recovery.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Pronouncement

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standards, as amended, is to be applied retrospectively to annual reporting periods beginning after June 15, 2021. The Organization adopted ASU 2020-07 with a date of initial application of July 1, 2021.

CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by 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.

Cash and Cash Equivalents

Cash consists of various demand and interest-bearing accounts on deposit with an insured financial institution. The Organization considers cash equivalents to include all investments available for current use with an original maturity of three months or less. All cash and cash equivalents are deemed available for operations and classified as current assets.

Concentration of Credit Risk

The Organization maintains cash balances with various financial institutions insured by the Federal Deposit Insurance Corporation. The uninsured portions of these balances were \$3,466,418 and \$3,626,210 as of June 30, 2022 and 2021, respectively.

Grants Receivable

Grants receivable primarily represent amounts due under government contracts and grants. Grants receivable are stated at the amount management expects to collect. Balances that are still outstanding after management has used reasonable collection efforts are deemed uncollectible. The Organization had no write-offs for the years ended June 30, 2022 and 2021.

Inventory

Inventory consists of donated and purchased food. Purchased inventory is valued at cost on the FIFO (first-in, first-out) method.

Property and Equipment

Property and equipment are stated at cost or, if donated and placed into service, at their estimated fair value at the date donated. All assets acquired by the Organization whose individual initial value or cost exceeds \$1,500 are capitalized and depreciated. Routine repairs and maintenance are expensed when incurred. Depreciation is computed using straight-line method over the following estimated useful lives:

<u>Type of Asset</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	7-39 years
Furniture and equipment	3-7 years
Vehicles	5 years

See Independent Auditor’s Report.

CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

The Organization considers its cash, grants receivable, prepaid expenses, accounts payable and accrued expenses to be short-term in nature, and therefore their fair values approximate their carrying values.

Investment Securities

Investment securities are stated at their estimated fair value based on quoted closing prices. Investment income, including unrealized gains and losses, interest, dividends and related items are recognized in the Statements of Activities as they are incurred.

Revenue Recognition

The Organization recognizes revenue when services are rendered. A receivable is recorded to the extent the amount earned exceeds cash advances. Conversely, a liability is recorded when cash advances exceed amounts earned.

Funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Organization with the terms of the grants or contracts. Additionally, if the Organization terminates its activities, all unearned amounts are to be returned to the funding sources.

A portion of the Organization's revenue is obtained through the fees received from administering the payee services program. Administrative fees from payee services are recognized at a point in time.

The Organization also operates a thrift store. Revenue is recognized from the thrift store at a point in time.

Contributions

Contributions are generally recorded when received. All contributions are available for unrestricted use unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions.

Thrift Store

Contributions of clothing, household goods and other items to the Organization's thrift store are recognized as thrift store revenues, when, and if, sold. Inventories of such items in the thrift store are not included as assets in the Statements of Financial Position.

Contributed Nonfinancial Assets

The Organization recognizes contributed nonfinancial assets within revenue, including donated materials, assets, land, space, and professional services. A substantial number of volunteers have made significant contributions of their time to the Organization's programs and supporting services. The value of this contributed time is not reflected in these financial statements since it does not require a specialized skill.

Donated materials were used in various programs within the Organization. The Organization estimates the value based on the fair value that would be paid for similar items in the Central Valley.

CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Nonfinancial Assets (Continued)

Land and assets can be contributed to the Organization. The Organization will determine whether to sell or utilize the contributed land and assets based on the current needs of the organization. The Organization assigns values based on fair market value of the land or asset.

Contributed services recognized comprise of professional services varying from media design, video production, marketing collateral, and website design. Contributed services are valued and reported at the estimated fair value based on current rates for similar services.

Donated food is valued as the approximate average wholesale value of one pound of donated product at the national level, which was determined to be \$1.92 and \$1.79, respectively, during 2022 and 2021. The average wholesale value was based upon a study performed by Feeding America

Functional Allocation of Expenses

The costs of providing the Organization's programs and supporting services have been summarized on a functional basis in the accompanying Statements of Activities. Certain overhead and indirect costs have been allocated to program services and fundraising based on management's estimate of the actual personnel and facilities used in such activities. Management and general include those expenses that are not directly identifiable with any specific program but provide for the overall support and direction of the Organization.

The expenses allocated consist of the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Payroll taxes and benefits	Time and effort
Professional services	Time and effort
Occupancy and telephone	Time and effort
Travel and conferences	Time and effort
Materials and supplies	Time and effort
Maintenance and repairs	Time and effort
Printing	Time and effort
Postage	Time and effort
Equipment lease	Time and effort
Security	Time and effort
Other expenses	Time and effort
Meals	Time and effort

Accrued Compensated Absences

The Organization provides its employees with vacation, sick and other leave benefits in accordance with its policies. The Organization's costs for these benefits are expensed as they are vested in the employee. Sick leave is not vested and therefore, not paid or accrued.

Advertising

The Organization expenses all advertising costs as incurred. Total advertising expenses were \$6,127 and \$3,659 at June 30, 2022 and 2021, respectively.

**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

The Organization has qualified as a not-for-profit organization and has been granted tax-exempt status pursuant to Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d) and is exempt from Federal and State of California income taxes.

Generally accepted accounting principles provides accounting and disclosures guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization’s returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Use of Estimates

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

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no impact on previously reported net assets at June 30, 2021.

NOTE 3 – CASH: TRUST FUNDS

The Organization holds cash in trust for participants in various programs. The use of these funds is limited to the uses defined by the Social Security Administration and Veteran’s Administration.

NOTE 4 – AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets as of June 30:

	2022	2021
Cash and cash equivalents	\$ 3,653,557	\$ 3,881,306
Investments	1,355,257	1,587,468
Grants receivable	1,213,391	423,969
 Total financial assets	 6,222,205	 5,892,743
 Less amounts not available to be used within one year:		
Donor-restricted with liquidity horizons greater than one year	373,812	391,042
 Financial assets available to meet general expenditures over the next twelve months	 \$ 5,848,393	 \$ 5,501,701

As part of the Organization’s liquidity management, the Organization consistently identifies financial assets and assesses the availability of each financial asset to meet cash needs for general expenditures and to identify liquidity risks and strategies and actions taken to manage liquidity needs, including certain board-designated funds, donor restricted funds, donor-advised funds, cash restrictions for capital projects and investments held. The Organization’s goal is to maintain enough cash and cash equivalents and marketable securities to cover 180 days of operational expenses.

See Independent Auditor’s Report.

**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 5 – INVESTMENTS

Investments consist of the following at June 30:

	<u>Fair Value</u>	
	<u>2022</u>	<u>2021</u>
Domestic equity funds	\$ 592,330	\$ 681,709
International equity funds	509,970	307,876
Fixed income	252,957	492,179
Alternative investments	-	94,581
Emerging market equity funds	-	11,123
Total investments	<u>\$ 1,355,257</u>	<u>\$ 1,587,468</u>

The following schedule summarizes the investment earnings in the Statements of Activities at June 30:

	<u>2022</u>	<u>2021</u>
Investment earnings	\$ (246,102)	\$ 286,250
Unrealized gain/(loss)	23,062	39,085
Investment expense	<u>(17,687)</u>	<u>(15,919)</u>
Investment gains (losses), net	<u>\$ (240,727)</u>	<u>\$ 309,416</u>

NOTE 6 – FAIR VALUE MEASUREMENTS

In accordance with generally accepted accounting principles, fair value is defined as the price that the Organization would receive upon selling an asset or pay to transfer a liability at the reporting date. Generally accepted accounting principles established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are those that reflect the Organization's own assumptions about the factors market participants would use in pricing the asset or liability, developed base on the best information available.

The three-tier hierarchy of inputs are as follows:

Level 1 – Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Valuations are for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Inputs other than quoted prices within Level 1 that are observable, either directly or indirectly. Valuations are for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities. The Organization has no financial assets or liabilities of this category.

Level 3 – Inputs are unobservable. Valuations are for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discount cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining fair value assigned to such assets or liabilities. The Organization has no financial assets or liabilities in this category.

**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 6 – FAIR VALUE MEASUREMENTS (Continued)

The table below presents the level within the fair value hierarchy at which investments are measured at June 30, 2022:

Description	Level 1	Level 2	Level 3
Domestic equity funds	\$ 592,330	\$ -	\$ -
International equity funds	509,970	-	-
Fixed income	252,957	-	-
Total	<u>\$ 1,355,257</u>	<u>\$ -</u>	<u>\$ -</u>

The table below presents the level within the fair value hierarchy at which investments are measured at June 30, 2021:

Description	Level 1	Level 2	Level 3
Domestic equity funds	\$ 681,709	\$ -	\$ -
International equity funds	307,876	-	-
Fixed income	492,179	-	-
Alternative investments	94,581	-	-
Emerging market equity funds	11,123	-	-
Total	<u>\$ 1,587,468</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 7 – PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 532,444	\$ 532,444
Construction in progress	199,025	5,350
Buildings and improvements	2,287,252	2,263,418
Vehicles	315,687	315,687
Equipment, furniture and computers	321,738	321,738
	3,656,146	3,438,637
Accumulated depreciation	<u>(1,830,086)</u>	<u>(1,703,015)</u>
Property and equipment, net	<u>\$ 1,826,060</u>	<u>\$ 1,735,622</u>

Total depreciation expense for the years ended June 30, 2022 and 2021 was \$127,071 and \$126,541, respectively.

**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 – LEASES

The Organization leases equipment under various operating agreements. The future minimum lease payments under the non-cancellable operating leases are as follows:

<u>Years Ending</u>	<u>Amount</u>
2023	\$ 14,730
2024	7,423
2025	3,391
2026	<u>283</u>
Total	<u>\$ 25,827</u>

Total rent expense for the years ended June 30, 2022 and June 30, 2021 was \$25,148 and \$22,715, respectively. In the normal course of business, operating leases are generally renewed or replaced by other leases.

NOTE 9 – SBA PPP LOAN

On April 14, 2020, the Organization received a Small Business Administration Paycheck Protection Program (SBA PPP) loan in the amount of \$305,400. Principal and interest at 1.00% are payable monthly beginning after forgiveness is granted. Interest accrues between the date of disbursement and forgiveness on the amount of the loan that is not forgiven.

The SBA PPP is a federal loan program designed to assist entities in sustaining their operations during the COVID-19 pandemic. The loan is forgivable if used for eligible costs, including payroll costs, rent payments and others. Specific criteria must be met under the program guidelines for the loan to be forgiven. The Organization received full forgiveness of the PPP loan in May 2021. As such, it is included as revenue on the Statement of Activities for the year ended June 30, 2021.

NOTE 10 – NET ASSETS

The detail of the Organization's net asset categories is as follows at June 30:

	<u>2022</u>	<u>2021</u>
With donor restrictions:		
Purpose restricted	\$ 373,812	\$ 391,042
Total net assets with donor restrictions	<u>373,812</u>	<u>391,042</u>
Without donor restrictions:		
Undesignated	<u>7,392,949</u>	<u>7,195,391</u>
Total net assets without donor restrictions	<u>7,392,949</u>	<u>7,195,391</u>
Total net assets	<u>\$ 7,766,761</u>	<u>\$ 7,586,433</u>

**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Pusateri - Bakersfield	\$ 300,808	\$ 321,100
Career and Ed Center - Fresno	16,610	69,942
Rental Assistance for Victims of Domestic Abuse	50,000	-
Rent and Utilities Assistance - Bakersfield	6,394	-
Total net assets with donor restrictions	<u>\$ 373,812</u>	<u>\$ 391,042</u>

NOTE 12 – FOOD AND OTHER ASSISTANCE

Food and other assistance included in the Statements of Functional Expenses consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Food	\$ 3,488,197	\$ 3,991,626
Lodging and rent	353,575	362,710
Utilities	123,888	134,194
Transportation	62,863	22,027
Miscellaneous (gas, vouchers, ID cards, prescriptions)	25,352	37,351
Total	<u>\$ 4,053,875</u>	<u>\$ 4,547,908</u>

NOTE 13 – CONTRACTS WITH CUSTOMERS

Revenue from performance obligations satisfied at a point in time consists of fees assessed for administering the payee services program and sales of merchandise from the thrift store. The total amount of revenue recognized from the assessment of these fees and sales from the thrift store was \$378,882 and \$446,918 for the years ended June 30, 2022 and 2021, respectively.

NOTE 14 – CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets recognized within the statement of activities included the following at June 30:

	<u>2022</u>	<u>2021</u>
Materials	\$ 15,082	\$ 10,466
Professional Services	39,263	26,986
Food	2,678,684	3,338,820
Total	<u>\$ 2,733,029</u>	<u>\$ 3,376,272</u>

**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 15 – RELATED PARTY TRANSACTIONS

Related parties include members of management, the Board of Directors and their immediate families; substantial contributors; entities controlled by the Organization; and entities controlled by members of the board of directors, management and their immediate families.

Included in the expenses of the Organization for the years ended June 30, 2022 and 2021, were amounts paid to the Diocese of Fresno of \$414,654 and \$369,172, respectively, for workers compensation, general liability and property insurance, auto insurance, and health benefits.

NOTE 16 – COMMITMENTS

On January 8, 2020, the Organization entered into an agreement for the design, engineering, installation, and construction of an electrical grid-connected solar photovoltaic system (solar project) designed to produce or generate solar energy. The solar project is a purchase plan agreement where the Organization gets the benefit of the power produced with no upfront cost. The Organization will pay for the power produced by the system on a monthly basis and will have the option to purchase the system at a later date. COVID-19 impacted the completion of the solar project with obtaining permits and the supply chain of materials until January 2022. The solar project was successfully completed in April 2022.

On July 13, 2022, the Organization entered into an agreement for the design, engineering, installation and construction of an electrical grid-connected solar photovoltaic system (solar project) designed to produce generate solar energy. The cost of the solar project is expected to be \$88,600. The solar project was completed on January 27, 2023, and the final inspection passed on February 19, 2023.

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated and concluded that there are no subsequent events that have occurred from June 30, 2022 through the date the financial statements were available to be issued at March 29, 2023 that would require additional disclosure or adjustment.

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SUPPLEMENTARY INFORMATION

**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Federal Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
Corporation for National and Community Service:		
Direct Program:		
Foster Grandparents/Senior Companion Cluster:		
Senior Companion Program	94.016	\$ 412,897
Total Corporation for National and Community Service		<u>412,897</u>
U.S. Department of Health and Human Services:		
Pass Through Program:		
California Department Social Services:		
Medical Assistance Program	93.778	<u>162,947</u>
Total U.S. Department of Health and Human Services		<u>162,947</u>
U.S. Department of Homeland Security:		
Direct Program:		
Emergency Food and Shelter National Board Program	97.024	* 687,086
Pass Through Program:		
California Department Social Services:		
Disaster Grant - Public Assistance	97.036	<u>555,553</u>
Total U.S. Department of Homeland Security		<u>1,242,639</u>
U.S. Department of Agriculture:		
Pass Through Program:		
California Department Social Services:		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.551	<u>322,720</u>
Total U.S. Department of Agriculture		<u>322,720</u>
Total Expenditures of Federal Awards		<u>\$ 2,141,203</u>

*Denotes a major program per Uniform Guidance.

**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the Catholic Charities of the Diocese of Fresno (the Organization). Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies are included in the schedule. The information in this SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE 2 – BASIS OF ACCOUNTING

The accompanying SEFA is presented using the accrual basis of accounting, which is described in Note 2 of the Organization's financial statements.

NOTE 3 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal award expenditures agree or can be reconciled with the amounts reported in the Organization's financial statements.

NOTE 4 – INDIRECT COST RATE

The Organization has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

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OTHER INDEPENDENT AUDITOR'S REPORTS



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Catholic Charities of the Diocese of Fresno
Fresno, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Catholic Charities of the Diocese of Fresno (the Organization), a nonprofit organization, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 29, 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free 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*.

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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.

Price Page & Company

Clovis, California
March 29, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Catholic Charities of the Diocese of Fresno
Fresno, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Catholic Charities of the Diocese of Fresno's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2022. the Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not

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absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

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

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

Report on Internal Control over Compliance

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

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

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

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

Price Page & Company

Clovis, California
March 29, 2023

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FINDINGS AND QUESTIONED COSTS

**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weaknesses identified?	_____ Yes	_____ <u>X</u> _____ No	
Significant deficiencies identified - not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> _____ None reported	
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> _____ No	

Federal Awards

Internal control over major programs:			
Material weaknesses identified?	_____ Yes	_____ <u>X</u> _____ No	
Significant deficiencies identified - not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> _____ None reported	

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR Section 200.516(a)?

_____ Yes _____ X _____ No

Identification of Major Programs

Assistance Listing Number

Name of Federal Program or Cluster

97.024

Emergency Food and Shelter
National Board Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ X _____ Yes _____ No

**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS

None reported.

**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

FINANCIAL STATEMENT FINDINGS

None reported.

FEDERAL AWARD FINDINGS

None reported.