

**CATHOLIC CHARITIES LEGAL SERVICES,  
ARCHDIOCESE OF MIAMI, INC.**

Financial Statements

June 30, 2023

(With Independent Auditor's Report Thereon)

Catholic Charities Legal Services, Archdiocese of Miami, Inc.

**FINANCIAL STATEMENTS**

June 30, 2023

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**INDEPENDENT AUDITOR'S REPORT**

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CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## **Independent Auditor's Report**

The Board of Directors  
Catholic Charities Legal Services  
Archdiocese of Miami, Inc.:

### **Opinion**

We have audited the accompanying financial statements of Catholic Charities Legal Services, Archdiocese of Miami, Inc. (the "Organization"), a non-profit organization, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the change in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 opinion.

### **Responsibility 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 for one year from the date the financial statements are issued or 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 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.

*Sanson Kline Jacomino & Tandon, LLP*

Miami, Florida  
September 12, 2023

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**BASIC FINANCIAL STATEMENTS**

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Catholic Charities Legal Services, Archdiocese of Miami, Inc.

**STATEMENT OF FINANCIAL POSITION**

June 30, 2023

**Assets**

Current assets:

Cash	\$ 1,392,641
Accounts receivable, net of allowance for doubtful accounts of \$97,909	97,909
Grants receivable	<u>1,219,328</u>
Total current assets	<u>2,709,878</u>

Security deposit	43,016
Property and equipment, net	9,240
Operating lease right-of-use assets, net	<u>587,338</u>
Total assets	<u>\$ 3,349,472</u>

**Liabilities and net assets**

Current liabilities:

Operating lease liabilities, current portion	\$ 256,599
Accounts payable and accrued expenses	427,496
Compensated absences	<u>229,365</u>
Total current liabilities	<u>913,460</u>

Non-current liabilities:

Operating lease liabilities, net of current portion	<u>339,830</u>
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Net assets:

Without donor restrictions	1,612,497
With donor restrictions	<u>483,685</u>
Total net assets	<u>2,096,182</u>
Total liabilities and net assets	<u>\$ 3,349,472</u>

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

Catholic Charities Legal Services, Archdiocese of Miami, Inc.

**STATEMENT OF ACTIVITIES**

For the year ended June 30, 2023

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and other revenue:</b>			
Support:			
Grants	\$ 4,714,831	942,973	\$ 5,657,804
Client fees	935,788	-	935,788
Fundraising	32,682	-	32,682
Contributions	138,106	24,700	162,806
Interest	97	-	97
Net assets released from restriction	542,161	(542,161)	-
Total support and other revenue	<u>6,363,665</u>	<u>425,512</u>	<u>6,789,177</u>
<b>Expenses:</b>			
Program services:			
Immigration services	<u>5,004,334</u>	<u>-</u>	<u>5,004,334</u>
Total program services	<u>5,004,334</u>	<u>-</u>	<u>5,004,334</u>
Supporting services:			
Management and general	613,697	-	613,697
Fundraising	<u>4,390</u>	<u>-</u>	<u>4,390</u>
Total supporting services	<u>618,087</u>	<u>-</u>	<u>618,087</u>
Total expenses	<u>5,622,421</u>	<u>-</u>	<u>5,622,421</u>
Change in net assets	741,244	425,512	1,166,756
<b>Net assets - beginning of year</b>	<u>871,253</u>	<u>58,173</u>	<u>929,426</u>
<b>Net assets - end of year</b>	<u>\$ 1,612,497</u>	<u>\$ 483,685</u>	<u>\$ 2,096,182</u>

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



Catholic Charities Legal Services, Archdiocese of Miami, Inc.

**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended June 30, 2023

	<u>Program Services</u>	<u>Supporting Services</u>			<u>Grand Total</u>
	<u>Immigration Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	
Compensation and related expenses:					
Salaries	\$ 2,991,214	\$ 369,701	\$ -	\$ 369,701	\$ 3,360,915
Employee benefits	363,345	44,907	-	44,907	408,252
Payroll taxes	220,889	27,301	-	27,301	248,190
	<u>3,575,448</u>	<u>441,909</u>	<u>-</u>	<u>441,909</u>	<u>4,017,357</u>
Accounting fees	18,690	2,310	-	2,310	21,000
Bad debt	15,273	1,888	-	1,888	17,161
Bank service charges	1,177	145	-	145	1,322
Client costs	26,720	-	-	-	26,720
Depreciation	4,896	605	-	605	5,501
Donations	8,678	1,072	-	1,072	9,750
Equipment rental	2,413	298	-	298	2,711
Fundraising events	-	-	4,390	4,390	4,390
Interest expense	8,612	1,064	-	1,064	9,676
Liability insurance	61,035	7,544	-	7,544	68,579
Licenses and taxes	1,080	133	-	133	1,213
Memberships and subscriptions	18,348	2,268	-	2,268	20,616
Merchants fees	13,315	1,646	-	1,646	14,961
Miscellaneous	9,055	995	-	995	10,050
Occupancy expenses	237,168	29,313	-	29,313	266,481
Office supplies	50,539	6,246	-	6,246	56,785
Other professional services	624,515	77,187	-	77,187	701,702
Postage and shipping	43,856	5,420	-	5,420	49,276
Printing	4,785	591	-	591	5,376
Special events	11,221	-	-	-	11,221
Staff development costs	13,557	1,676	-	1,676	15,233
Tech and professional contractors	182,357	22,539	-	22,539	204,896
Telephone	24,276	3,000	-	3,000	27,276
Travel and training	47,320	5,848	-	5,848	53,168
	<u>\$ 5,004,334</u>	<u>\$ 613,697</u>	<u>\$ 4,390</u>	<u>\$ 618,087</u>	<u>\$ 5,622,421</u>

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

Catholic Charities Legal Services, Archdiocese of Miami, Inc.

**STATEMENT OF CASH FLOWS**

For the year ended June 30, 2023

<b>Reconciliation of change in net assets to net cash provided by operating activities</b>	
Change in net assets	\$ 1,166,756
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	5,501
(Increase) decrease in assets:	
Account receivables	(3,517)
Grant receivables	(444,195)
Prepays	5,972
Security deposit	(18,449)
Operating lease right-of-use assets	(587,338)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	277,823
Compensated absences	58,796
Operating lease liabilities	596,429
Net cash provided by operating activities	<u>1,057,778</u>
<b>Cash flows from investing activities</b>	
Purchase of property and equipment	<u>(6,825)</u>
Net cash used in investing activities	<u>(6,825)</u>
<b>Cash flows from financing activities</b>	
Payments on notes payable	<u>(169,528)</u>
Net cash used in financing activities	<u>(169,528)</u>
<b>Net increase in cash</b>	881,425
<b>Cash - beginning of year</b>	<u>511,216</u>
<b>Cash - end of year</b>	<u>\$ 1,392,641</u>
<b>Supplemental disclosures of cash flow information:</b>	
Cash paid during the year for interest	<u>\$ 9,676</u>

The accompanying notes are an integral par of the financial statements.

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

**NOTE 1 – NATURE OF ORGANIZATION**

Catholic Charities Legal Services, Archdiocese of Miami, Inc. (the "Organization") is a non-profit organization. Its initial and current member is The Most Reverend Thomas G. Wenski, Archbishop of the Archdiocese of Miami. The organization's mission is to promote the principle of equal access to the system of justice, provide legal services to persons and groups in special need, inform immigrants of their legal rights, as well as inform and advise community groups and health and social service providers about the legal problems and rights of immigrants and about legal services provided by this entity, and provide legal services to facilitate the reunification of families and access to employment and human services.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of the Organization's significant accounting policies is presented to assist the reader in interpreting the financial statements. The policies are considered essential and should be read in conjunction with the financial statements.

**A. Basis of presentation**

The financial statements have been prepared on the accrual basis of accounting. Classification of the Organization's net assets, its revenue and expenses, and gains and losses are based on the existence or absence of donor/grantor-imposed restrictions. Net assets can be classified in the following categories:

- (i) *Net assets without donor restrictions* – consists of net assets that are not subject to donor/grantor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization, at the discretion of management and the board of directors.
- (ii) *Net assets with donor restrictions* – represent net assets subject to stipulations imposed by donors and/or grantors. Some donor/grantor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor/grantor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor/grantor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**B. Accounts receivable – legal service fees**

The Organization provides immigration legal services to clients at significantly reduced fixed fee amounts. Due to the nature of the clients served and lengthy legal proceedings, the Organization does not enforce payment of services preceding inception of work. Instead, fees must be paid prior to closing of the client's case and may be paid over the length of the legal proceeding, which in some cases may extend over the period of several fiscal years. As such, the Organization periodically evaluates the accounts receivables for each type of legal service provided, as well as the status of any significant past due accounts, to determine an allowance for doubtful accounts. When management determines that a receivable is uncollectible, the balance is removed from accounts receivable and charged against the allowance. Any subsequent recoveries of amounts previously written-off are charged to income.

**C. Property and equipment**

Property and equipment purchased by the Organization are capitalized and recorded at cost. Donated assets are capitalized and recorded at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenses for maintenance and repairs are charged to expense when incurred.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

June 30, 2023

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Property and equipment** (continued)

Donations of property and equipment are reported as support without donor restrictions, unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Without donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service, reclassifying net assets with donor restrictions to net assets without donor restrictions, at that time.

**D. Concentration of credit risk**

The Organization maintains cash balances in one bank, which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Management continually reviews the bank institution for deposit risk and believes the risk associated with the current banking institutions is minimal.

**E. Leases**

In 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet.

The Organization adopted the standard effective July 1, 2022 and recognized and measured leases existing at July 1, 2022 (the beginning of the period of adoption) with certain practical expedients available. The Organization elected the available practical expedients to account for its existing and operating lease under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement. Also, because the Organization generally does not have access to the rate implicit in the lease, it utilizes the incremental borrowing rate as the discount rate. The incremental borrowing rate is the rate of interest that the Organization would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022 existing operating lease liabilities of \$422,816, which represents the remaining operating lease payments as of July 1, 2022 in the amount of \$438,756, discounted using the Organization's incremental borrowing rate, and corresponding right-of-use assets of \$424,145.

**F. Revenue and revenue recognition**

The Organization's other revenue sources, aside from legal service fees, are from grants, contributions and fundraising events. Grants and contributions are recognized as revenues when the donor's commitment is received. Fund raising event revenues are recognized as revenues when received. Grants, contributions and fundraising event revenues are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor/grantor-imposed restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Grants, contributions and fundraising event revenues whose restrictions are met in the same reporting period are reported as support without donor restrictions.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

June 30, 2023

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Donated goods and services**

Donated goods and services are reflected as in-kind contributions and expensed in the statement of activities. These donations are recorded at fair market value when received and when there is an objective basis for determining such values. During 2023, the Organization recorded in-kind contributions for professional services totaling \$61,000.

**H. Functional allocation of expenses**

The cost of providing various programs and other activities are summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs are allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

**I. Income taxes**

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is properly listed under a group exemption with the Archdiocese of Miami. As a result, no income tax provision or liability has been provided in the accompanying financial statements. In the unlikely event an uncertain tax position exists in which the Organization could incur income taxes, the Organization would evaluate whether there is a probability that the uncertain tax position taken would be sustained upon examination by a taxing authority. Reserves for uncertain tax positions would then be recorded if the Organization determined that it is probable that either a position would not be sustained upon examination or if a payment would have to be made to a taxing authority and the amount was reasonably estimable.

As of June 30, 2023, the Organization does not believe it has any uncertain tax positions that would result in the Organization having a liability to a taxing authority. The Organization is subject to federal and state tax examinations for tax years 2019 through 2021.

**J. 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 the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

**K. Retirement and health plan**

The Organization sponsors retirement and health plans administered through the Archdiocese of Miami. The retirement plan was a non-contributory defined benefit plan through December 31, 2012. Effective January 1, 2014, the Archdiocese of Miami changed the retirement plan to a contributory defined benefit plan, whereby the Organization will match 50% of employee contributions up to 6% of eligible pay. The health plan requires a portion of the monthly obligation to be contributed by each employee. Total pension costs and health and welfare costs incurred by the Organization during the fiscal year ended June 30, 2023 totaled \$172,044 and \$236,208, respectively.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

June 30, 2023

**NOTE 3 – AVAILABILITY AND LIQUIDITY**

The following reflects the Organization's financial assets at June 30, 2023, reduced by amounts that are not available to meet general expenses within one year of the statement of financial position date:

	<u>Amount</u>
Financial assets at year-end:	
Cash	\$ 1,392,641
Accounts receivable, net	97,909
Grants receivable	<u>1,219,328</u>
Total financial assets	2,709,878
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>483,685</u>
Financial assets available to meet general obligations over the next twelve months	<u>\$ 2,226,193</u>

The Organization regularly monitors the availability of resources required to meet its operating needs, and manages its liquidity by operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs. In addition, the Organization anticipates, on an annual basis, collecting sufficient revenue to cover general expenses not covered by donor/grantor-restricted resources.

**NOTE 4 – PROPERTY AND EQUIPMENT**

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

	<u>Amount</u>
Furniture and equipment	\$ 79,841
Leasehold improvements	<u>29,025</u>
Total	108,866
Less accumulated depreciation	<u>(99,626)</u>
Property and equipment, net	<u>\$ 9,240</u>

**NOTE 5 – OPERATING LEASE AGREEMENTS**

The Organization leases office facilities and equipment under five operating lease agreements, expiring between 2024 and 2028. Activity on the operating leases as of and for the fiscal year ended June 30, 2023 consists of the following:

	<u>Amount</u>
Operating lease costs	\$ <u>241,886</u>
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	<u>\$ 231,466</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

June 30, 2023

**NOTE 5 – OPERATING LEASE AGREEMENTS (Continued)**

	<u>Amount</u>
Right-of-use assets obtained in exchange for operating lease obligations:	
Balance at July 1, 2022	\$ 424,145
New right-of-use assets during fiscal year	385,772
Amortization during fiscal year	<u>(222,579)</u>
Balance at June 30, 2023	<u>587,338</u>
Weighted averages as of June 30, 2023:	
Remaining lease term (in months)	<u>44.28</u>
Discount rate	<u>3.73%</u>

The future minimum payments due under the operating leases as of June 30, 2023 are as follows:

	<u>Amount</u>
Fiscal year ending June 30:	
2024	\$ 275,118
2025	151,214
2026	92,206
2027	92,702
2028	<u>23,663</u>
	634,903
Less effects of discounting	<u>(38,474)</u>
Total lease liabilities recognized	596,429
Less current portion	<u>(256,599)</u>
Lease liabilities, less current portion	<u>\$ 339,830</u>

**NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS**

At June 30, 2023, total net assets with donor restrictions in the amount of \$483,685 consist of grants and contributions restricted for special purposes.

**NOTE 7 – SUBSEQUENT EVENTS**

The Organization evaluated subsequent events through September 12, 2023, the date the financial statements were available to be issued, and does not believe that there are any such events or transactions that require disclosure.