

**CATHOLIC CHARITIES OF**  
**THE RIO GRANDE VALLEY**

**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2024**

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Rene D. Peña, CPA  
Melisa Cota Guevara, CPA  
April R. Samaniego, CPA  
Jesus Enriquez, CPA

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MEMBERS OF AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

4171 N. Mesa, Suite B100  
El Paso, Texas 79902-1498  
Phone: 915-542-1733  
Fax: 915-544-5440

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<http://www.cpaelpaso.com>  
E-mail: [cpa@cpaelpaso.com](mailto:cpa@cpaelpaso.com)

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Catholic Charities of the Rio Grande Valley  
San Juan, Texas

### *Opinion*

We have audited the accompanying financial statements of Catholic Charities of the Rio Grande Valley (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, 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 present fairly, in all material respects, the financial position of Catholic Charities of the Rio Grande Valley as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Catholic Charities of the Rio Grande Valley 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 Catholic Charities of the Rio Grande Valley'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 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 Catholic Charities of the Rio Grande Valley'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 Catholic Charities of the Rio Grande Valley'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*

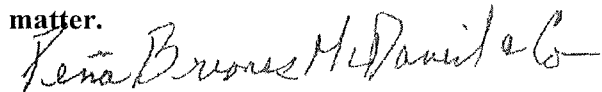
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements 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 19, 2025, on our consideration of Catholic Charities of the Rio Grande Valley'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 Catholic Charities of the Rio Grande Valley'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 Catholic Charities of the Rio Grande Valley's internal control over financial reporting and compliance.

*Correction of an Error in a Prior Period*

As discussed in Note 11 to the financial statements, certain errors were discovered that resulted in the restatement of net assets as of June 30, 2023. Our opinion is not modified with respect to that matter.



March 19, 2025  
El Paso, Texas

**CATHOLIC CHARITIES OF**  
**THE RIO GRANDE VALLEY**

**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2024**

	<u>2024</u>
<b><u>ASSETS</u></b>	
<b>CURRENT ASSETS</b>	
Cash	\$ 18,027,683
Restricted cash	13,562,971
Grants receivable	227,049
Total current assets	<u>31,817,703</u>
Property and equipment, net of accumulated depreciation	<u>3,414,585</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 35,232,288</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 208,840
Accrued expenses	49,863
Refundable advance - EFSP	<u>13,562,971</u>
Total current liabilities	<u>13,821,674</u>
<b>NET ASSETS</b>	
Without donor restriction	16,350,711
With donor restriction	<u>5,059,903</u>
Total net assets	<u>21,410,614</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 35,232,288</u></b>

See independent auditor's report and notes to financial statements.

**CATHOLIC CHARITIES OF**  
**THE RIO GRANDE VALLEY**

**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2024**

	<u>2024</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTION</b>	
Support and revenue:	
Grants and contracts	\$ 5,852,585
Contributions	921,366
Program fees	1,572
Fundraising income	304,449
Other income	76,680
In-kind donations	<u>418,440</u>
Total support and revenue	7,575,092
Satisfaction of purpose restrictions	<u>580,834</u>
Total net assets without donor restriction	<u>8,155,926</u>
Expenses	
Program expense	7,087,524
General and administrative expenses	890,871
Fundraising	<u>18,500</u>
Total expenses	<u>7,996,895</u>
<b>INCREASE IN NET ASSETS WITHOUT</b>	
<b>    DONOR RESTRICTION</b>	<u>159,031</u>
<b>NET ASSETS WITH DONOR RESTRICTION</b>	
Grants and contracts	775,041
Net assets released from restrictions	<u>(580,834)</u>
<b>INCREASE IN NET ASSETS WITH DONOR</b>	
<b>    RESTRICTION NET ASSETS</b>	<u>194,207</u>
<b>INCREASE IN TOTAL NET ASSETS</b>	353,238
<b>NET ASSETS, Beginning of year, as restated</b>	<u>21,057,376</u>
<b>NET ASSETS, End of year</b>	<u><u>\$ 21,410,614</u></u>

See independent auditor's report and notes to financial statements.

CATHOLIC CHARITIES OF  
THE RIO GRANDE VALLEY

STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2024

	Program Services	General and Administrative	Fundraising	Total
Salaries and Benefits	\$ 254,437	\$ 168,047	\$ 5,601	428,085
Automobile	14,416	4,593	-	19,009
Bank charges	-	15,514	-	15,514
Books, Periodicals, Subscriptions	-	3,320	-	3,320
City of McAllen CDBG	13,224	-	-	13,224
Depreciation	123,337	52,858	-	176,195
Dues and memberships	-	1,845	-	1,845
EFSP Cameron	586,423	-	-	586,423
EFSP Starr	73,499	-	-	73,499
EFSP Hidalgo	1,900,014	-	-	1,900,014
EFSP Willacy	1,691	-	-	1,691
ESG City of Brownsville	3,703	6,724	-	10,427
ESG City of McAllen	12,611	-	-	12,611
ESG Hidalgo	104,671	3,063	-	107,734
ESGP	104,918	-	-	104,918
Food and beverages	3,558	17,278	-	20,836
Gala expense	-	-	12,899	12,899
Hilton Foundation	334,133	-	-	334,133
Humanitarian relief expense	2,527,544	-	-	2,527,544
Write-Off Adjustments	-	9,750	-	9,750
In-kind donations	209,220	209,220	-	418,440
Insurance	58,101	21,382	-	79,483
Janitorial and cleaning supplies	46,228	2,205	-	48,433
Leased copiers	-	7,312	-	7,312
Miscellaneous	9,035	14,370	-	23,405
Nonprofit Security Grant Program	36,910	-	-	36,910
Supplies	40,900	36,601	-	77,501
Other Program	25,208	955	-	26,163
Postage and printing	12,540	3,988	-	16,528
Professional and technical services	258,131	94,440	-	352,571
Reliant Care	36,015	-	-	36,015
Rentals and leases	18,000	793	-	18,793
Repairs and maintenance	127,020	42,138	-	169,158
Scanlan - Hidalgo	30,548	-	-	30,548
Scanlan - Cameron	2,567	-	-	2,567
Secretarial services	13,521	142,127	-	155,648
Travel and conferences	1,588	12,367	-	13,955
Utilities	75,075	10,215	-	85,290
Telephone	28,738	9,766	-	38,504
<b>TOTAL</b>	<b>\$ 7,087,524</b>	<b>\$ 890,871</b>	<b>\$ 18,500</b>	<b>7,996,895</b>

See independent auditor's report and notes to financial statements.



**CATHOLIC CHARITIES OF**  
**THE RIO GRANDE VALLEY**

**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2024**

	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase (decrease) in net assets	\$ 353,238
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:	
Depreciation	176,195
(Increase) decrease in:	
Grants receivable	1,368,506
Other assets	1,142
Increase (decrease) in:	
Accounts payable	147,974
Accrued liabilities	(4,955)
Refundable advance - EFSP	<u>(1,979,213)</u>
Net cash provided by operating activities	<u>62,887</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of property, plant and equipment (net)	<u>(229,068)</u>
Net cash used in investing activities	<u>(229,068)</u>
<b>NET DECREASE IN CASH AND RESTRICTED CASH</b>	<b>(166,181)</b>
<b>CASH AND RESTRICTED CASH, Beginning of year</b>	<u><b>31,756,835</b></u>
<b>CASH AND RESTRICTED CASH, End of year</b>	<u><b>\$ 31,590,654</b></u>

See independent auditor's report and notes to financial statements.

**CATHOLIC CHARITIES OF  
THE RIO GRANDE VALLEY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

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**1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES**

Catholic Charities of the Rio Grande Valley is the charitable branch of the Diocese of Brownsville. Catholic Charities of the Rio Grande Valley has projects that provide assistance to the poor and most vulnerable population in our community. It is part of the larger family of Catholic Charities USA and Caritas Internationalis. The Organization is a non-profit corporation, provides social services that promote the development of human life, primarily food, clothing, shelter, housing, rent, medical case assistance, jail and prison ministry, migrant and refugee services, counseling, casework, information and referral for additional services and any other type of necessary social service needed by people in need of assistance in the Rio Grande Valley of Texas. These services promote the social well-being of people on a totally non-discriminatory basis, according to need and with respect for dignity. The following are the services provide by the Organization:

**Emergency Assistance Program**

Catholic Charities provides assistance in medical consultation, transportation, shelter and other vital services.

**Homelessness Prevention Program**

Catholic Charities focus on housing for homeless and at-risk households. It provides temporary financial assistance and housing relocation and stabilization services to individuals and families who are homeless or would be homeless but for this assistance.

**Military Family Relief Program**

The mission of Catholic Charities is to provide for the needs of our community through selfless service and under the sign of love. Through the Military Family relief Project, we fulfill our mission by reaching out and offering services to military individuals and their families in need of assistance. This assistance provides counseling to individuals and/or groups in areas as post-traumatic stress therapy, grief and loss therapy, couples/marriage counseling, family counseling, parenting skills, depression and anxiety.

**Pregnancy Counseling Program**

Catholic Charities of the Rio Grande Valley's Pregnancy Counseling Program provides confidential support, encouragement, guidance and practical assistance to women (and / or their family) who are undergoing a crisis pregnancy, so they can feel supported and confident in choosing childbirth.

**Counseling Program**

Catholic Charities provides counseling programs for individuals, couples, adults and teens. Counseling services are provided through confidential means of mentoring for assistance with anxiety, depression, post-traumatic stress, marital or relationship issues.

**CATHOLIC CHARITIES OF  
THE RIO GRANDE VALLEY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

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**1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Disaster Relief Program**

To alleviate a family's burden that has been placed on the family after a disaster. To aid victims at risk of being homeless are assisted with financial assistance to restore their lives, reconstruct their damaged home and or provide temporary shelter.

**Food Program**

Catholic Charities through the food program services to promote and maintain the health and nutritional status of children and adults, promote development of good eating habits, and integrate nutritious food service with organized day care services.

**Humanitarian Crisis Response**

Catholic Charities responds to families in crisis. We believe that human beings who have no food, no security, no access to shower, etc. are people in crisis. We will continue responding to the needs of these families in crisis as long as there is a need. Thanks to all who have in any way or form helped thus far...all donors, volunteers, people praying for this cause, etc. God bless us all!

**Cash and cash equivalents**

The Organization considers all cash and highly liquid investments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

**Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable is evaluated by management throughout the year. The allowance for doubtful accounts is based upon management's evaluation on collectability of the accounts receivable. As of June 30, 2024, an allowance for doubtful accounts was not necessary.

**Current Expected Credit Losses**

In June 2016, the FASB issued Accounting Standards Codification (ASC) 326, *Financial Instruments – Credit Losses*, which significantly changes how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this pronouncement is a shift from the incurred loss model to the expected loss model. Under this pronouncement, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Management has evaluated the new procurement and determined is not applicable as the Organization did not have financial assets subject to the guidance in ASC 326 as of June 30, 2024.

**CATHOLIC CHARITIES OF**  
**THE RIO GRANDE VALLEY**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**1. PRINICPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment**

Property and equipment are recorded at cost for purchased items or at fair market value at the date of acquisition for donated items generally for items over \$500. When retired or otherwise disposed of, the related carrying value and allowance for depreciation is cleared from the respective accounts and the net difference is reflected in the Statement of Activities.

Depreciation is provided using the straight-line method based on the estimated useful lives of the assets, with building and improvement being depreciated over 40 years, and vehicles and furniture and fixtures depreciated over 5 to 7 years. The cost of maintenance and repairs is expensed as incurred, whereas significant betterments and improvements are capitalized.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2024.

**Net Assets**

Net assets, revenues and expenses, and gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

**Net Assets Without Donor Restrictions**

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

**CATHOLIC CHARITIES OF  
THE RIO GRANDE VALLEY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

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**1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Assets (Continued)**

**Net Assets With Donor Restrictions**

Net assets subject to donor or grantor-imposed restrictions. Some donor-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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-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. Included in Net Assets released from restriction are restricted funds received in the in the current year. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in donor restricted net assets depending on the nature of the restrictions. When a restriction expires, restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**Revenue and Recognition**

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other asserts, an unconditional promise to give, or notification of beneficial interest is received. Conditional promises to give are not recognized until the condition on which they depend have been substantially met.

**CATHOLIC CHARITIES OF**  
**THE RIO GRANDE VALLEY**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue and Recognition (Continued)**

The Organization has adopted Accounting Standards (ASU) No. 2014-09 – Revenue from Contracts with Customers (Topic 606), as amended as management believes the standard improves the usefulness and understandability of the Organization’s financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were made on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

**Donated Materials and Services**

Donated facilities are reflected as in the accompanying financial statements as their estimated fair values at the date of receipt, with an equal amount expensed or capitalized as related. The total of donated facilities recognized as income total \$418,440 for the year ended June 30, 2024. The Organization relies on a substantial amount of volunteer time at the Respite Center, the value of the time donated does not meet recognition criteria and is not included in the financial statements as in-kind service donations.

**Functional Allocation of Expenses**

The costs of program and supporting services have been summarized on the on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code, except on net income derived from unrelated business activities. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization’s Form 990 – Return of Organization Exempt From Income Tax for 2024, 2023 and 2022 are subject to examination by the IRS, generally for three years after they were filed.

**CATHOLIC CHARITIES OF**  
**THE RIO GRANDE VALLEY**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Estimates**

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

**Financial Instruments and Credit Risk**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash balances, accounts and pledges receivable and investments in managed funds and bonds. The Organization maintains its cash and cash equivalents in financial institution accounts, which may, at times, exceed the federally insured limit of \$250,000 set by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash held in such institutions. At June 30, 2024, the Organization's uninsured balance totaled \$31,692,412. The Organization's accounts and pledges receivable are due from third parties. The Organization's maximum risk of accounting loss associated with these receivables is limited to the recorded amounts.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**2. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and restricted cash	\$ 31,590,654
Accounts receivable	227,049
Refundable advance	<u>(13,562,971)</u>
	<u>\$ 18,254,732</u>

**CATHOLIC CHARITIES OF**  
**THE RIO GRANDE VALLEY**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**3. GRANTS RECEIVABLE**

Grants receivable arise from amounts due to the Organization by the granting agencies for allowable expenditures not reimbursed at year-end. The Organization's management believes that the grants receivable at 2024 are fully collectible. Following is a condensed summary of the outstanding amount by program.

	<u>2024</u>	<u>2023</u>
Hilton Foudation	\$ -	\$ 485,000
Texas Public Safety Office	-	84,990
Emergency Food Shelter Assistance - City of Brownsville	-	57,074
Emergency Food Shelter Assistance - Hidalgo County	-	35,147
Emergency Food Shelter Program - Cameron	38,864	351,440
Emergency Food Shelter Program - Hidalgo	24,097	218,491
Emergency Solutions Grant	71,674	-
Community Development Block Grant - McAllen	48,030	-
Texas Department of Housing and Community Affairs	-	328,664
Other	44,384	34,749
	<u>\$ 227,049</u>	<u>\$1,595,555</u>

**4. RELATED PARTY TRANSACTIONS**

The Organization is related to the Roman Catholic Diocese of Brownsville (the Diocese) through common control. During the year ended June 30, 2024, the Diocese contributed \$100,000 to the Organization, which is included in contributions. Additionally, the Organization's offices reside in buildings owned by the Diocese which provide an in-kind rent donation of \$418,440 as of June 30, 2024.



**CATHOLIC CHARITIES OF  
THE RIO GRANDE VALLEY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**5. PROPERTY AND EQUIPMENT**

The following comprise the property and equipment owned by the Organization as of June 30, 2024.

	Estimated Useful Life (Years)	2024
Land		\$ 345,318
Building improvements	40	3,078,925
Computer equipment	5	115,423
Equipment	7	414,392
Vehicle	7	113,407
Construction in Progress		<u>17,338</u>
		4,084,803
Less accumulated depreciation		<u>(670,218)</u>
Land, buildings, and equipment, net		<u>\$ 3,414,585</u>

Depreciation expense for the year ended June 30, 2024 was \$176,195.

**6. RETIREMENT PLAN**

The Organization participates in a defined contribution plan open to all classifications of eligible employees. The Organization contributed up to 3.5% for clergy and up to 3% for laity of the participants' eligible salaries; participating employees are not required to contribute. Total plan contributions for the year ended June 30, 2024 were \$7,291.

**7. REFUNDABLE ADVANCE - EFSP**

The Organization received \$25,442,540 during fiscal years of 2022 and 2023 of which cumulative expenditures of \$11,879,569 for humanitarian relief that include housing, transportation, and food assistance were incurred. The remaining refundable advance for the year ended June 30, 2024 was \$13,562,971.

**CATHOLIC CHARITIES OF  
THE RIO GRANDE VALLEY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**8. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following for the year ended June 30, 2024:

	<u>2024</u>
<b>Purpose Restrictions</b>	
Humanitarian Respite Center	\$ 4,203,354
Wellmed Charitable Foundation	20,000
Catholic Charities USA	20,000
Westerman Foundation	35,000
Humanitarian Aid for Mexico	371,038
Driscoll Grant	90,490
Project Dignity Legal	29,794
Catholic Campaign for Human Development	3,565
Progreso Las Flores MX for Education	19,091
Sisters Servants of the Immaculate Heart of Mary	<u>50,000</u>
<b>Total Purpose Restrictions</b>	<u><b>4,842,332</b></u>
<b>Time Restrictions</b>	
Hilton Foundation	204,674
Kennedy Memorial Foundation	<u>12,897</u>
<b>Total Time Restrictions</b>	<u><b>217,571</b></u>
<b>Total Net Assets with Donor Restrictions</b>	<u><b>\$ 5,059,903</b></u>

**9. CONCENTRATIONS**

The Organization receives grant revenues from the State of Texas and from the State as a pass-through agency for the federal government, as well as various local sources, such as the Diocese of Brownsville and private foundations. The following is a mix of grant revenues from the various sources at June 30, 2024.

Federal/State Government	72%
Private grants and contributions	22%
Other Sources	<u>6%</u>
	<u><b>100%</b></u>

**CATHOLIC CHARITIES OF  
THE RIO GRANDE VALLEY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**10. SPECIAL EVENTS**

The Organization hosted a Gala event in the year ended June 30, 2024. The Organization reported the following revenues and expenses for the Gala:

	<u>2024</u>
Revenues	\$ 304,449
Expenses	<u>(18,500)</u>
Net Special Events	<u>\$ 285,949</u>

**11. CORRECTION OF AN ERROR IN THE PRIOR PERIOD**

During the year it was discovered that certain statement of position items included unreconciled errors. As a result, net assets as of June 30, 2023, were restated to reflect the corrections of these errors. A summary of the adjustment follows.

	<u>June 30, 2023</u>
Net assets as previously reported	\$ 22,921,056
Increase in refundable advance	<u>(1,863,680)</u>
Total prior period adjustment	<u>(1,863,680)</u>
Net assets as restated	<u>\$ 21,057,376</u>

**12. SUBSEQUENT EVENTS**

Subsequent events were evaluated through March 19, 2025, which is the date the financial statements were available to be issued. In July of 2024, the Organization refunded advances of unspent grant funds totaling \$6,189,839 to its granting agencies.

## **SUPPLEMENTARY INFORMATION**

**CATHOLIC CHARITIES OF  
THE RIO GRANDE VALLEY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2024**

Grantor/Cluster/Program Title Pass-Through Grantor	Federal Assistance Listing Number	Award Number	Expenditures			Subrecipient Expenditures
			Direct Award	Passthrough Awards	Total	
FEDERAL AWARDS						
U.S. Department of State						
Pass-Through From:						
U.S. Conference of Catholic Bishops						
U.S. Refugee Admissions Program	19.510	N/A	\$ -	\$ 7,820	\$ 7,820	\$ -
Total U.S. Department of State			\$ -	\$ 7,820	\$ 7,820	\$ -
U.S. Department of Homeland Security						
Pass-Through From:						
County of Hidalgo						
Emergency Food and Shelter Program (EFSP) *	97.024	812800-005	\$ -	\$ 182,786	\$ 182,786	\$ -
COVID-19 - Emergency Food and Shelter Program (EFSP) *	97.024	812800-005	-	60,720	60,720	-
EFSP Supplemental Appropriations for Humanitarian Assistance *	97.024	812800-005	-	4,464,774	4,464,774	-
County of Willacy						
Emergency Food and Shelter Program (EFSP) *	97.024	845200-005		2,573	2,573	-
County of Cameron						
Emergency Food and Shelter Program (EFSP) *	97.024	792400-021	-	66,510	66,510	-
EFSP Supplemental Appropriations for Humanitarian Assistance *	97.024	792400-021	-	590,272	590,272	-
County of Starr						
Emergency Food and Shelter Program (EFSP) *	97.024	836400-001	-	50,241	50,241	-
Office of the Governor of Texas-Public Safety Office						
Nonprofit Security Grant Program	97.008	4030103	-	72,440	72,440	-
Federal Emergency Management Agency						
SSP Shelter and Services Program	97.141	MW-2023-SP-050	-	100,789	100,789	-
Total U.S. Department of Homeland Security			\$ -	\$5,591,104	\$5,591,104	\$ -
U.S. Department of Housing and Urban Development						
Pass-Through From:						
County of Hidalgo						
Emergency Solutions Grant	14.231	E-21-UC-48-0501	\$ -	\$ 112,436	\$ 112,436	\$ -
Texas Department of Housing and Community Affairs						
Emergency Solutions Grant	14.231	956016075	-	114,113	114,113	-
City of Brownsville						
COVID-19 - Emergency Solutions Grant	14.231	E-20-MC-48-0501	-	6,307	6,307	-
Public Utilities Board of the City of Brownsville		N/A		4,972	4,972	-
City of McAllen						
Community Development Block Grant	14.218	132-8045-457	-	15,832	15,832	-
Total U.S. Department of Housing and Urban Development			\$ -	\$ 253,661	\$ 253,661	\$ -
TOTAL FEDERAL AWARDS			\$ -	\$ 5,852,585	\$ 5,852,585	\$ -

\* Major Program

**CATHOLIC CHARITIES OF  
THE RIO GRANDE VALLEY**

**SUPPLEMENTARY INFORMATION  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2024**

**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal and State Awards include the federal grant activity of Catholic Charities of the Rio Grande Valley (a nonprofit organization) and is presented on the accrual basis of accounting. The information in this schedule 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**2. INDIRECT COST RATE**

The Organization has elected to not use the 10% percent minimum indirect cost rate allowed under the Uniform Guidance.

**3. CONTINGENCIES**

The Organization had several insurance coverage agreements in effect for the fiscal year ended June 30, 2024, insurance certificates are assigned to a particular granting agency for claims arising out of the Organizations' grant agreement with the particular granting agency. The table below summarizes the insurance coverage agreements:

Type of Coverage	Holder of Certificate	Limit, each occurrence
Commercial General Liability	Texas Pregnancy Care Network	\$1,000,000
Commercial General Liability	Health and Human Services Commission, Health, Developmental and Independent Services	\$1,000,000

Rene D. Peña, CPA  
Melisa Cota Guevara, CPA  
April R. Samaniego, CPA  
Jesus Enriquez, CPA

MEMBERS OF AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

4171 N. Mesa, Suite B100  
El Paso, Texas 79902-1498  
Phone: 915-542-1733  
Fax: 915-544-5440

<http://www.cpaelpaso.com>  
E-mail: [cpa@cpaelpaso.com](mailto:cpa@cpaelpaso.com)

**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  
Catholic Charities of the Rio Grande Valley  
San Juan, Texas**

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 Rio Grande Valley (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 19, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Catholic Charities of the Rio Grande Valley'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 Catholic Charities of the Rio Grande Valley's internal control. Accordingly, we do not express an opinion on the effectiveness of the Catholic Charities of the Rio Grande Valley'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be material weaknesses.

### Report on Compliance and Other Matters

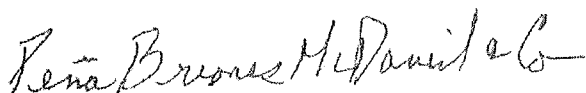
As part of obtaining reasonable assurance about whether Catholic Charities of the Rio Grande Valley's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2024-001.

### Catholic Charities of the Rio Grande Valley's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the Catholic Charities of the Rio Grande Valley's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Catholic Charities of the Rio Grande Valley response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### 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.



El Paso, Texas  
March 19, 2025



Rene D. Peña, CPA  
Melisa Cota Guevara, CPA  
April R. Samaniego, CPA  
Jesus Enriquez, CPA

MEMBERS OF AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

4171 N. Mesa, Suite B100  
El Paso, Texas 79902-1498  
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Fax: 915-544-5440

<http://www.cpaelpaso.com>  
E-mail: [cpa@cpaelpaso.com](mailto:cpa@cpaelpaso.com)

**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  
Catholic Charities of the Rio Grande Valley  
San Juan, Texas**

**Report on Compliance for Each Major Federal Program**

**Qualified Opinion**

We have audited Catholic Charities of the Rio Grande Valley's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Catholic Charities of the Rio Grande Valley's major federal programs for the year ended June 30, 2024. Catholic Charities of the Rio Grande Valley's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Qualified Opinion on Emergency Food and Shelter Program**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, Catholic Charities of the Rio Grande Valley complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on *Emergency Food and Shelter Program* for the year ended June 30, 2024.

**Basis for Qualified Opinion**

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 Catholic Charities of the Rio Grande Valley 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 qualified opinion on compliance for each major federal program. Our audit does not provide a legal determination of Catholic Charities of the Rio Grande Valley's compliance with the compliance requirements referred to above.

**Matter Giving Rise to Qualified Opinion on Emergency Food and Shelter Program**

As described in the accompanying schedule of findings and questioned costs, Catholic Charities of the Rio Grande Valley did not comply with requirements regarding the *Emergency Food and Shelter Program* as described in finding numbers 2024-002 for allowable costs/cost principles.

Compliance with such requirements is necessary, in our opinion, for Catholic Charities of the Rio Grande Valley to comply with the requirements applicable to that program.

**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 Catholic Charities of the Rio Grande Valley'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 Catholic Charities of the Rio Grande Valley's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, 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 Catholic Charities of the Rio Grande Valley'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 Catholic Charities of the Rio Grande Valley'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 Catholic Charities of the Rio Grande Valley'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 Catholic Charities of the Rio Grande Valley's internal control over compliance. Accordingly, no such opinion is expressed.

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

#### Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2024-002. Our opinion on each major federal program is not modified with respect to these matters.

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

#### Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-002 to be material weaknesses.

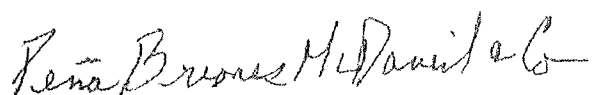
*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Charities of the Rio Grande Valley's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Charities of

the Rio Grande Valley's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

A handwritten signature in cursive script, appearing to read "Peña Brown McDaniel & Co.", written in dark ink.

El Paso, Texas  
March 19, 2025

**CATHOLIC CHARITIES OF  
THE RIO GRANDE VALLEY**

**SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:

**Unmodified**

Internal control over financial reporting:

Material weakness(es) identified?

  X   Yes        No

Significant deficiency(es) identified not considered to be material weaknesses?

       Yes   X   none reported

Noncompliance material to financial statements noted?

       Yes   X   No

**Federal Awards**

Internal Control over major programs:

Material weakness(es) identified?

  X   Yes        No

Significant deficiency(es) identified not considered to be material weaknesses?

       Yes   X   none reported

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

**Qualified**

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

  X   Yes        No

Identification of major programs:

**Assistance Listing Numbers**

97.024

**Name of Federal Program or Cluster**

Emergency Food and Shelter Program

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

Catholic Charities of the Rio Grande Valley qualified as a low-risk auditee        Yes   X   No

**CATHOLIC CHARITIES OF  
THE RIO GRANDE VALLEY**

**SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024**

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**Section II - Financial Statement Findings –**

**Current Year**

**Reference Number: 2024-001 (Repeat Finding, with modifications, prior year finding 2023-001)**

**Criteria:** The Organization should have internal controls over financial close and reporting that allow management to prevent or detect and correct misstatements on a timely basis.

**Condition and Context:** In the fiscal year ending June 30, 2023, the SEFA reported \$4,340,498 as a multi-year pass through grant. During the internal review by Catholic Charities Accountants, it was discovered that a duplication of \$1,863,860 of expenditures that was already recognized in 2022 was included in the 2023 period.

**Effect:** Net beginning assets as of June 30, 2023 were incorrectly reported as \$22,921,056 and required adjustment to \$21,057,376.

**Cause:** The grant of \$4,340,498 in 2023 fiscal year end recorded a duplication of expenditures of \$1,863,680 which were previously recognized in the year 2022 SEFA report.

**Recommendation:** We recommend that the Organization continue to work with its external accounting consultant to ensure sound financial close and reporting procedures are followed to ensure accurate and timely reporting in the future.

**Management Response:** See Corrective Action Plan

**Prior Year**

**Reference Number: 2023-001**

**Criteria:** The Organization should have internal controls over financial close and reporting that allow management to prevent or detect and correct misstatements on a timely basis.

**Condition and Context:** Due to significant turnover in the accounting department, several balance sheet items accumulated errors that were not identified in a timely manner during the financial close and reporting process. Management contracted an external accounting consulting firm to reconcile errors and improve the financial close and reporting process. The consulting firm identified and corrected errors for the year ending June 30, 2022 and implemented procedures to report accurate financial information for the 2023 fiscal year.

**CATHOLIC CHARITIES OF  
THE RIO GRANDE VALLEY**

**SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024**

---

**Section II - Financial Statement Findings (Continued)**

**Effect:** Net assets as of June 30, 2022 were restated to correct the accumulated errors. Additionally, management and governance did not have accurate and timely financial information for the years ending June 30, 2022 and 2023.

**Cause:** Over the last few years the Organization has had significant turnover in the accounting department that created breaks in internal control over financial reporting.

**Recommendation:** We recommend that the Organization continue to work with its external accounting consultant to ensure sound financial close and reporting procedures are followed to ensure accurate and timely reporting in the future.

**Status:** See current year finding 2024-001.

**Reference Number 2023-002 (Repeat finding, with modifications, prior year finding 2022-003)**

**Criteria:** In accordance with ASU 2016-14 Not-For-Profit Entities (Topic 958): Presentation of Financial Statement of Not-For-Profit Entities, the Organization should have policies and procedures to identify and classify unspent funds received by donors and awarding agencies as “Net assets without Donor Restrictions” or “Net Assets with Donor Restrictions”

**Condition and Context:** The Organization has not implemented a methodology for determining net assets with donor restrictions.

**Effect:** Prior year finding continues to be outstanding.

**Recommendation:** The Organization should utilize the features of its’ accounting system to track grant revenues, expenditures, and related balance sheet accounts to ensure accurate financial reporting and classification. Alternatively, the Organization can track grant revenues, expenditures and related balance sheet accounts outside of its accounting system but reconcile to award documents and the accounting system, at minimum, on a monthly basis.

**Status:** This finding has been resolved.

**CATHOLIC CHARITIES OF  
THE RIO GRANDE VALLEY**

**SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024**

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**Section III- Major Federal Award Findings and Questioned Costs**

**Reference Number: 2024-002**

**Assistance Listing Number: 97.024**

**Compliance Requirements: Allowable Costs/Cost Principles**

**Criteria:** The Organization should have internal controls over expenditures to ensure that policies and procedures are in place to support the allowability of expenditures in accordance with 2 CFR § 200.302.

**Condition and Context:** The Organization provided humanitarian assistance to migrants and asylum seekers turned over by Customs and Border Protection (CBP), including meals, transportation and shelter at hotels and the Organizations Respite Center. The Organization has intake procedures in place with respect to hotel shelter expenditures. However, the intake process was not consistently applied to all participants. The Organization was not able to provide supporting documentation for 5% of the requested sample of individuals who received shelter.

**Effect:** The allowability of certain expenditures was not fully supported by underlying documentation. We detected an error rate of 5%, which resulted in an extrapolated questioned cost of \$48,502.

**Cause:** There was an unprecedented influx of migrants requiring processing within a compressed timeframe, the program's primary objective was to expedite assistance. This urgency, while addressing immediate humanitarian needs, resulted in some procedural oversights.

**Questioned Costs:** \$48,502.

**Management Response:** See Corrective Action Plan.



**CATHOLIC CHARITIES OF  
THE RIO GRANDE VALLEY**

**SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024**

---

**Section III- Major Federal Award Findings and Questioned Costs (Continued)**

**Prior Year**

**Reference Number 2023-003 (Repeat finding, prior year finding 2022-004)**

**Criteria:** In accordance with 2 U.S. Code of Federal Regulations (CFR) 200.512, the Organization is required to submit its single audit reporting package and data collection form to the Federal Audit Clearinghouse (FAC) no later than 30 days after the date of its audited financial statements or 9 months after the fiscal year end, whichever occurs earlier.

**Condition and Context:** The organization did not issue its single audit reporting package until August 2024.

**Effect:** Late filing is considered in noncompliance with timely submission of financial information to the Federal Audit Clearinghouse.

**Cause:** As described in findings 2023-001 through 2023-003, the Organization suffered operational difficulties as a result of key employee turnover and internal control deficiencies. As a result, material adjustments to the financial statements and Schedule of Expenditures of Federal Awards (SEFA) were made. In order to support the adjustments and comply with Generally Accepted Government Auditing Standards significantly more time and documentation was required to be obtained. This significantly delayed the closing and delivery of the financial reporting package.

**Recommendation:** The Organization should implement the recommendations in findings 2023-001 through 2023-003 to ensure that future reporting requirements are complied with in a timely manner.

**Status:** This finding has been resolved.



# Catholic Charities

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## RIO GRANDE VALLEY

**Year Ended June 30, 2024**

**Finding: 2024-001** - Due to significant turnover in the accounting department, several balance sheet items accumulated errors that were not identified in a timely manner during the financial close and reporting process. Management contracted an external accounting consulting firm to reconcile errors and improve the financial close and reporting process. In the 2023 fiscal year ending June 30, 2023, the SEFA reported \$4,340,348 as a multi-year pass-through grant. During the internal review by Catholic Charities accountants, it was discovered that a duplication of \$1,863,860 of expenditures had already been recognized in 2022 and was included in the 2023 period.

Management's view:

Management acknowledges its responsibility for implementing and monitoring appropriate internal controls and will continue its work in improving operational continuity so that critical finance functions will be unaffected by employee turnover and other factors. As this was a continuation of events resulting from the turnover in the accounting department that occurred in prior years, management has already taken the following actions necessary to correct this by retaining an external accounting firm that is ensuring internal controls are in place. As part of the procedures performed by the external accounting firm, a detailed review of the general ledger accounts resulted in the identification and correction of the \$1,863,860 SEFA duplication noted above.

Proposed Corrective Action:

Management has taken the following measures to ensure these objectives are met:

- Management will continue its work with an external accounting firm specializing in non-profit accounting to oversee changes within the accounting department and improve the formal documentation of policies, processes, and internal controls.
- Management will also hire a full-time internal Controller with qualified accounting experience, who will work in tandem with the accounting firm to stay up to date with processes and guidance related to nonprofit organizations.

Anticipated Correction Date:

These measures have been implemented.



# Catholic Charities

## RIO GRANDE VALLEY

**Finding 2024-002** – The Organization provided humanitarian assistance to migrants and asylum seekers turned over by Customs and Border Protection (CBP), including meals, transportation and shelter at hotels and the Organizations Respite Center. The Organization has intake procedures in place with respect to hotel shelter expenditures. However, the intake process was not consistently applied to all participants. The Organization was not able to provide supporting documentation for 5% of the requested sample of individuals who received shelter.

Management's view:

Management acknowledges this finding, and awareness has been brought to this area. The errors identified in this finding were made due to a lack of implementation of proper agency financial procedures by a former employee and occurred during a period of substantial influx in the number of non-citizen migrants being assisted. Authorization of credit card use was provided to one hotel vendor which led to unverified charges. This was identified and corrected by senior staff within three weeks.

Proposed Corrective Action:

The following measures were already taken to correct this finding:

- The organization has provided proper training to its program staff and accounting bookkeepers to improve the internal payment review process on all payment requests and has prohibited the use of credit cards to cover hotel stays for clients. All hotel payments are to be paid by check after reviewing the proper documentation submitted by the vendor, which includes an invoice with the non-citizen migrant's name as spelled in the Notice to Appear documentation provided by U.S. Customs and Border Protection. This documentation is then compared to the registration database maintained by the organization which includes name and A-number for all non-citizen migrants served. Any unauthorized payment will be immediately investigated and disputed on a timely basis. This policy has already been implemented successfully.
- An internal sample verification process was completed successfully with supporting evidence for all clients served after the previous unauthorized charges were identified within the period of three weeks.

Anticipated Correction Date:

These measures have been implemented.

Respectfully submitted,



Sr. Norma Pimentel