St. Catherine Center for Special Needs Inc.

Financial Statements and State Single Audit Schedules
Together With Independent Auditors' Reports

June 30, 2022 and 2021

St. Catherine Center for Special Needs Inc.

Financial Statements and State Single Audit Schedules
Together With Independent Auditors' Reports
June 30, 2022

TABLE OF CONTENTS

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

Board of Directors
St. Catherine Center for Special Needs Inc.

Opinion

We have audited the accompanying financial statements of St. Catherine Center for Special Needs Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2022, and the related statement 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 St. Catherine Center for Special Needs Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

PKF O'CONNOR DAVIES, LLP
3001 Summer Street, 5th Floor East, Stamford, CT 06905 I Tel: 203.323.2400 I Fax: 203.967.8733 I www.pkfod.com

Auditors' 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 auditors' 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 the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance as required by the State Single Audit Act (C.G.S. Section 4-230 to 4-236) is presented for purposes of additional analysis 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 information 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 December 7, 2022, on our consideration of St. Catherine Center for Special Needs Inc.'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 St. Catherine Center for Special Needs Inc.'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 St. Catherine Center for Special Needs Inc.'s internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

December 7, 2022

St. Catherine Center for Special Needs Inc.

Statements of Financial Position

	June 30, 2022	June 30, 2021
ASSETS		
Cash and cash equivalents	$ 3,121,010	$ 2,457,351
Tuition, fees and other receivable, net	144,202	158,608
Contributions receivable, net	1,569,178	2,397,851
Prepaid expenses	34,659	26,883
Investments	4,751,927	3,835,291
Property and equipment, net	1,701,209	1,501,564
	$ 11,322,185	$ 10,377,548
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 102,929	$ 84,542
Deferred revenue	7,640	500
Due to The Bridgeport Roman Catholic Diocesan Corporation	132,249	385,234
Total Liabilities	242,818	470,276
Net Assets		
Without donor restrictions		
Undesignated	4,042,485	3,717,774
Property and equipment	1,701,209	1,501,564
Total without donor restrictions	5,743,694	5,219,338
With donor restrictions	5,335,673	4,687,934
Total Net Assets	11,079,367	9,907,272
	$ 11,322,185	$ 10,377,548

See notes to financial statements

St. Catherine Center for Special Needs Inc.

Statements of Activities

	Year Ended June 30, 2022			Year Ended June 30, 2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
REVENUE AND SUPPORT						
Tuition and fees	$ 1,341,850	$ -	$ 1,341,850	$ 1,197,946	$ -	$ 1,197,946
Financial aid	(189,880)	-	(189,880)	(131,100)	-	(131,100)
Net Tuition and Fees	1,151,970	-	1,151,970	1,066,846	-	1,066,846
Adult program fees	1,067,466	-	1,067,466	920,899	-	920,899
Contributions and grants	531,116	957,630	1,488,746	573,576	4,298,691	4,872,267
Fundraising events	123,385	116,050	239,435	7,600	-	7,600
Investment return, net	(271,876)	(107,585)	(379,461)	330,552	10,348	340,900
Net assets released from restrictions	318,356	(318,356)	-	31,866	(31,866)	-
Total Revenue and Support	2,920,417	647,739	3,568,156	2,931,339	4,277,173	7,208,512
EXPENSES						
Program services	2,308,191	-	2,308,191	2,026,878	-	2,026,878
Management and general	272,618	-	272,618	253,974	-	253,974
Development and fundraising	111,534	-	111,534	119,197	-	119,197
Total Expenses Before Depreciation and Amortization	2,692,343	-	2,692,343	2,400,049	-	2,400,049
Depreciation and amortization	108,157	-	108,157	108,377	-	108,377
Total Expenses	2,800,500	-	2,800,500	2,508,426	-	2,508,426
Income from Operations	119,917	647,739	767,656	422,913	4,277,173	4,700,086
OTHER CHANGES IN NET ASSETS						
Gain on disposal of vehicle	58,031	-	58,031	-	-	-
Forgiveness of debt	346,408	-	346,408	-	-	-
Change in Net Assets	524,356	647,739	1,172,095	422,913	4,277,173	4,700,086
NET ASSETS						
Beginning of year	5,219,338	4,687,934	9,907,272	4,796,425	410,761	5,207,186
End of year	$ 5,743,694	$ 5,335,673	$ 11,079,367	$ 5,219,338	$ 4,687,934	$ 9,907,272

See notes to financial statements

St. Catherine Center for Special Needs Inc.

Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services			Management	Development	
	St. Catherine's Academy	Adult Day Program	Total	and General	and Fundraising	Total
Personnel costs						
Salaries	$ 639,297	$ 736,995	$1,376,292	$ 166,062	$ 43,482	$1,585,836
Payroll taxes and benefits	261,945	203,860	465,805	60,039	12,620	538,464
Total Personnel Costs	901,242	940,855	1,842,097	226,101	56,102	2,124,300
Professional therapy services	158,645	848	159,493	-	-	159,493
Maintenance and repair	39,343	39,173	78,516	3,053	1,879	83,448
Professional fees	1,693	2,031	3,724	35,282	79	39,085
Rent	14,250	15,000	29,250	750	-	30,000
Program activities	11,380	28,640	40,020	-	-	40,020
Utilities	12,030	12,663	24,693	633	-	25,326
Textbooks, publications, and supplies	13,561	10,905	24,466	751	5,211	30,428
Insurance	6,580	14,690	21,270	347	-	21,617
Printing and postage	3,285	3,225	6,510	1,844	11,243	19,597
Miscellaneous	6,661	11,793	18,454	2,556	1,335	22,345
Transportation	12,882	38,730	51,612	-	-	51,612
Bad debts	5,000	-	5,000	-	-	5,000
Bank and other charges	-	-	-	-	9,591	9,591
Food and beverage	1,869	1,217	3,086	1,301	26,094	30,481
Total Expenses Before Depreciation and Amortization	1,188,421	1,119,770	2,308,191	272,618	111,534	2,692,343
Depreciation and amortization	51,374	54,078	105,452	2,705	-	108,157
Total Expenses	$1,239,795	$1,173,848	$2,413,643	$ 275,323	$ 111,534	$2,800,500

See notes to financial statements

St. Catherine Center for Special Needs Inc.

Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services			Management and General	Development and Fundraising	Total
	St. Catherine's Academy	Adult Day Program	Total			
Personnel costs						
Salaries	$ 573,413	$ 669,574	$ 1,242,987	$ 160,918	$ 40,373	$ 1,444,278
Payroll taxes and benefits	226,752	181,439	408,191	56,524	11,877	476,592
Total Personnel Costs	800,165	851,013	1,651,178	217,442	52,250	1,920,870
Professional therapy services	140,181	-	140,181	-	-	140,181
Maintenance and repair	37,745	38,618	76,363	2,757	1,445	80,565
Professional fees	6,285	852	7,137	26,912	43,904	77,953
Rent	14,250	15,000	29,250	750	-	30,000
Program activities	10,276	14,627	24,903	-		24,903
Utilities	10,589	11,147	21,736	557	-	22,293
Textbooks, publications, and supplies	9,099	8,709	17,808	671	1,926	20,405
Insurance	6,231	13,737	19,968	328	-	20,296
Printing and postage	2,810	2,422	5,232	1,332	13,339	19,903
Miscellaneous	5,355	9,227	14,582	2,919	1,943	19,444
Transportation	4,132	12,218	16,350	-	-	16,350
Bank and other charges	-	-	-	-	4,390	4,390
Food and beverage	1,245	945	2,190	306	-	2,496
Total Expenses Before Depreciation and Amortization	1,048,363	978,515	2,026,878	253,974	119,197	2,400,049
Depreciation and amortization expense	51,479	54,189	105,668	2,709	-	108,377
Total Expenses	$ 1,099,842	$ 1,032,704	$ 2,132,546	$ 256,683	$ 119,197	$ 2,508,426

See notes to financial statements

St. Catherine Center for Special Needs Inc.

Statements of Cash Flows

	Year Ended June 30, 2022	Year Ended June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$1,172,095	$4,700,086
Adjustments to reconcile change in net assets to net cash from operating activities		
Unrealized (gain) loss on investments	440,899	(276,558)
Depreciation and amortization	108,157	108,377
Discount on contributions receivables	38,702	31,314
Forgiveness of debt	(346,400)	-
Gain on vehicle	(58,031)	-
Bad debt expense	5,000	-
Changes in operating assets and liabilities		
Tuition fees and other receivable	68,752	(76,756)
Contributions receivable	789,971	(2,429,165)
Prepaid expenses	(7,776)	(2,402)
Accounts payable and accrued expenses	18,387	1,382
Deferred revenue	7,140	(7,600)
Due to The Bridgeport Roman Catholic Diocesan Corporation	-	5,895
Net Cash from Operating Activities	2,236,896	2,054,573
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,300,000)	(1,281,025)
Acquisitions of property and equipment	(309,117)	(30,270)
Interest and dividend income reinvested	(57,535)	(62,522)
Net Cash from Investing Activities	(1,666,652)	(1,373,817)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from The Bridgeport Roman Catholic Diocesan Corporation	93,415	100,683
Change in cash and cash equivalents	663,659	781,439
CASH AND CASH EQUIVALENTS		
Beginning of year	2,457,351	1,675,912
End of year	$3,121,010	$2,457,351
SUPPLEMENTAL CASH FLOW INFORMATION		
Non-cash Investing and Financing activity		
Forgiveness of Debt	$ 346,400	$ -
Proceeds from disposal of vehicle financed with receivable	$ 59,346	$ -

See notes to financial statements

1. Organization

St. Catherine Center for Special Needs Inc. (the "Center") offers a functional academic and life skills curriculum to children and adults with intellectual disabilities and other developmental and learning disabilities. The Center was established in 1999 as a private special education program of The Bridgeport Roman Catholic Diocesan Corporation (the "Diocese") and was formerly known as St. Catherine Academy (the "Academy"). In October 2014, the Diocese formed St. Catherine Center for Special Needs Inc. and contributed the assets and liabilities of the Academy to the Center. The Center is a Connecticut nonstock corporation whose members are made up of the individuals holding the offices of Bishop of the Diocese, the Vicar General of the Diocese and the Secretary of Faith Formations.

Located in a facility on the grounds of Holy Cross Church in Fairfield, Connecticut, the Center's programs include the "Academy", which provides state-approved, private special education for students of all faiths, aged 5-21, as well as the Office of Parish and Community Outreach, the Office of Inclusive Support and the Adult Day Program. Its mission is to oversee unified pastoral and educational support for individuals with disabilities while serving as a centralized resource for the Diocesan community. The Center strives to foster the educational, spiritual and social well-being of individuals with disabilities. The Center's Academy had enrollment of 17 and 18 students (authorized to serve up to 28 students) for the years ended June 30, 2022 and 2021. The Center Adult Day Program, established in 2015, served 25 adults for the years ended June 30, 2022 and 2021.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements of the Center have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP").

Net Asset Presentation

Net assets without donor restrictions may be expended for any purpose in performing the primary objectives of the Center. Net assets with donor restrictions are subject to stipulations imposed by donors. Some donor restrictions are temporary in nature or satisfied by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be held in perpetuity.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Financial statement areas where management applies the use of estimates include the allowance for doubtful accounts, the functional allocation of expenses, depreciation and amortization.

2. Summary of Significant Accounting Policies *(continued)*

Cash and Cash Equivalents

Cash and cash equivalents are defined as highly liquid investments with maturities of up to 90 days at the time of purchase.

Allowance for Uncollectible Receivables

An allowance for uncollectible receivables is estimated based on a combination of write-off history, aging analysis and any specific known troubled accounts.

Investment Valuation and Income Recognition

Investments are reported at fair value. Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses, if any, include gains and losses on investments bought and sold as well as held during the year. See Note 7 for a discussion of fair value measurements.

Property and Equipment

Property, equipment and improvements thereon that exceed $1,000 are capitalized at cost, or if received by donation, at estimated fair value at the time such items are received. Expenditures for maintenance and repairs are expensed as incurred. Leasehold improvements are amortized over the lesser of the estimated useful life of the asset or the term of the lease inclusive of expected renewals. Property, equipment and improvements are depreciated or amortized on a straight-line basis over the following estimated useful lives:

Leasehold improvements	10 – 40 years
Furniture and fixtures	5 – 7 years
Computers	5 years
Vehicles	5 years
Other equipment	5 – 10 years

Tuition and program fees

The Center follows U.S. GAAP revenue recognition, which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Revenue is recognized in the period in which it satisfies its performance obligation. Revenue from tuition and fees and adult program fees, which are determined based on standard published rates, less financial aid awarded by the Center, represents the Center's primary source of revenue. Revenue from tuition and adult program fees is recognized on a ratable basis over time as the performance obligation is satisfied. Tuition received in advance for the ensuing year is reflected as deferred income. Accordingly, tuition and fees received for the next year are deferred until the next fiscal year commences.

Tuition and fees are invoiced prior to the beginning of the school year and on a monthly basis and are paid over time by the end of the school year. Accounts receivable was $31,927 at June 30, 2019. Deferred revenue was $3,800 at June 30, 2019.

2. Summary of Significant Accounting Policies *(continued)*

Contributions

Unconditional contributions are recognized when pledged or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions receivable that are expected to be collected in more than one year are recorded at fair value using a present value technique. The Center reports contributions and grants of cash and other assets as restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, net assets with donor restrictions are released to net assets without donor restrictions. Contributions received whose restrictions are met in the same period are recognized as net assets without donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Center records special events revenue when the event takes place.

Contributed services are recognized in the financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. General volunteer services do not meet these criteria for recognition. Donated goods are recorded as support and expensed at fair value. There were no contributed services for the years ending June 30, 2022 and 2021.

Contributions Receivable

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2022 and 2021, there was no allowance recorded.

Functional Expense Allocation

Expenses are charged directly to program services, management and general, and development and fundraising based on specific identification to the extent practicable. Expenses related to more than one function have been allocated based primarily on either estimates of time spent by Center employees or square footage, as appropriate. Management and general expenses include those expenses that are not directly identifiable with a specific function but provide for the overall support and direction of the Center. The expenses that are allocated include personnel costs, maintenance and repair, professional fees, rent, utilities, insurance, printing and postage and other.

2. Summary of Significant Accounting Policies (continued)

Income Taxes

The Internal Revenue Service has held that religious institutions operated, supervised or controlled by the Roman Catholic Church in the United States appearing in "The Official Catholic Directory" are exempt from federal income tax under Section 501(c)(3). The Center is listed in The Official Catholic Directory and therefore is exempt from income tax. The Center has elected to file Internal Revenue Service Form 990, Return of Organization Exempt from Income Tax. The Center recognizes the effect of income tax positions only if those positions are more likely than not to be sustained and, accordingly, believes that income tax positions are consistent with its exemption. The Center is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to June 30, 2019.

Measure of Operations

The Center includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities and excludes Paycheck Protection Program Loan forgiveness and gains on disposals of capital assets.

Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through December 7, 2022, which represents the date the financial statements were available to be issued.

3. Liquidity and Availability

The following reflects the Center's available financial assets, reduced by amounts not available for general use within one year. Amounts not available for use within one year included financial assets received with donor restrictions that are designated for a specific purpose, timeline or contractual obligation, and have been earmarked as resources available for future years. Total financial assets available to meet cash needs for general expenditure within one year at June 30 are as follows:

	2022	2021
Cash and cash equivalents	$ 3,121,010	$ 2,457,351
Tuition, fees and other receivable, net	144,202	158,608
Contributions receivable, net	1,569,178	2,397,851
Investments	4,751,927	3,835,291
Total Financial Assets Available Within One Year	9,586,317	8,849,101
Less amounts unavailable for general expenditures within one year due to		
Restricted by donors as to use	4,785,673	4,137,934
Restricted by donors - to be held in perpetuity	550,000	550,000
	5,335,673	4,687,934
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 4,250,644	$ 4,161,167

3. Liquidity and Availability (continued)

The principal source of liquidity is cash flow generated from service fees and contributions. As part of the Center's liquidity strategy, management structures its financial assets, consisting of cash, investments, and receivables to be available as its general expenditures, liabilities and obligations come due within one year. Excess cash is invested in highly liquid fixed income securities, which could be drawn upon readily in the event of an unanticipated liquidity need.

4. Concentrations

The Center's financial instruments that are exposed to a concentration of credit risk consist primarily of cash and cash equivalents, investments and contributions receivable.

Cash and cash equivalents - The Center places its cash and cash equivalent deposits with one financial institution. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to $250,000. As of June 30, 2022, the uninsured balance is approximately $2,840,000. The Center has not experienced any loss in such accounts and management believes that the Center's deposits are not subject to significant credit risk.

Investments - The Center's investments are comprised of various mutual funds that invest in equities and fixed income securities. These mutual funds are not protected by federal depository insurance. The value of the investments is subject to fluctuations due to general market conditions and interest rates. Management considers investments to be sufficiently diversified to minimize individual investment and industry concentration risks.

Contributions Receivable - One donor pledge comprises twenty five percent of the contributions receivable balance. The Center believes this is not subject to significant credit risk as payments have been received subsequent to year-end.

The Center's adult day program is partially funded by a contract with the State of Connecticut. Revenue earned in connection with this contract was $1,067,466 and $920,899 for the years ended June 30, 2022 and 2021.

Geographic Concentration – the Center's market is concentrated in Fairfield, Connecticut and the surrounding area.

5. Tuition and Fees Receivable and Allowance for Doubtful Accounts

Tuition receivables are stated at the amount management expects to collect from outstanding balances. The Organization uses the allowance method to account for uncollectible accounts receivable. The Organization provides an allowance for doubtful accounts equal to the estimated uncollectible portion of accounts receivable. Management's estimate is based on historical experience and its evaluation of the current status of amounts receivable. Tuition and fees receivable are shown net of estimated uncollectible balances of $14,665 and $9,665 as of June 30, 2022 and 2021.

6. Contributions Receivable

Contributions receivable consist of the following at June 30, 2022 and 2021:

2022	Due in 1 Year	Due in 2-5 Years	Total
Capital campaign contributions receivable	$ 490,315	$ 1,041,425	$ 1,531,740
Other contribution receivables	76,140	-	76,140
	566,455	1,041,425	1,607,880
Less:			
Discount to net present value	-	(38,702)	(38,702)
Net pledges receivable	$ 566,455	$ 1,002,723	$ 1,569,178

2021	Due in 1 Year	Due in 2-5 Years	Total
Capital campaign contributions receivable	$ 1,079,700	$ 1,128,008	$ 2,207,708
Other contribution receivables	221,457	-	221,457
	1,301,157	1,128,008	2,429,165
Less:			
Discount to net present value	-	(31,314)	(31,314)
Net pledges receivable	$ 1,301,157	$ 1,096,694	$ 2,397,851

Contributions have been discounted at the rate of 2.18%. The capital campaign receivables are restricted in use for costs and expenses of an expansion project.

7. Fair Value Measurements and Investments

The Center follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist. Pursuant to U.S. GAAP guidance, alternative investments where fair value is measured at Net Asset Value ("NAV") as a practical expedient are not categorized within the fair value hierarchy. The net asset value of these investments is based on the fair value of the underlying assets.

7. Fair Value Measurements and Investments (continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. If there is uncertainty or the inability to redeem an investment at net asset value in the near term subsequent to the measurement date, the investment is categorized as Level 3.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

Mutual Funds - Mutual funds are valued at the quoted net asset value of shares reported in the active market in which the funds are traded at year end.

The following is a summary of the fair value of investments and other assets measured at fair value at June 30:

	2022	2021
Level 1 Inputs		
Bond mutual funds	$ 2,186,586	$ 2,806,449
Equities mutual funds	2,397,753	1,028,842
Total assets measured at fair value	4,584,339	3,835,291
Investments measured at NAV (1)		
Limited partnership investment	167,588	-
	$ 4,751,927	$ 3,835,291

(1) As discussed above, investments that are measured using the practical expedient are not classified within the fair value hierarchy.

Investment return for the years ended June 30 includes earnings on cash equivalents and is comprised of the following:

	2022	2021
Dividends and capital gains on investments	$ 40,783	$ 62,522
Interest on cash equivalents	20,655	1,820
Unrealized gain (loss)	(440,899)	276,558
	$ (379,461)	$ 340,900

7. Fair Value Measurements and Investments (continued)

The following is a reconciliation of the beginning and ending balances for assets measured at NAV during the period ended June 30,2022 for the limited partnership investment:

Beginning balance	$ -
Purchases	165,000
Net investment income	3,261
Unrealized gains (losses) on investments	(673)
	$ 167,588

The limited partnership invests primarily in the debt of leveraged, non-investment grade middle market companies, with the principal objective of generating income with low volatility and principal protection.

The limited partners may request a withdrawal of a portion or all of the balance of their capital accounts as defined in the agreement by providing written notice to the investment manager at least 90 days prior to the last business day of a fiscal quarter.

8. Property and Equipment

Property and equipment consist of the following at June 30:

	2022	2021
Leasehold improvements	$ 2,255,054	$ 2,261,979
Construction in process	223,669	-
Furniture and fixtures	40,558	40,558
Computers	47,072	36,135
Vehicles	309,430	267,334
Other equipment	33,919	33,919
	2,909,702	2,639,925
Accumulated depreciation and amortization	(1,208,493)	(1,138,361)
	$ 1,701,209	$ 1,501,564

Construction in process relates to the expansion and renovation of the Center's current space, which will double its footprint. In November 2022, the Center entered into a construction contract with an estimated cost of $4,300,000 to be completed over a twelve month period. Total costs are expected to be funded by the capital campaign.

9. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes at June 30:

	2022	2021
Purpose		
Building Project	$ 4,426,985	$ 3,702,844
Capital improvements	166,799	166,799
Social enterprise and vocational	162,872	139,873
Technology and vehicle purchase	11,284	57,909
Scholarships	1,600	1,600
Adult program	65,015	61,133
Others	7,238	3,042
Accumulated income on donor-restricted endowment assets restricted until appropriated	(56,120)	4,734
To be held in perpetuity	550,000	550,000
	$ 5,335,673	$ 4,687,934

Net assets were released from restrictions for the satisfaction of purpose or time restrictions as follows during the years ended June 30:

	2022	2021
Purpose restriction		
Adult program	$ 28,912	$ 19,087
Vocational	20,000	-
Art therapy program	-	1,433
Scholarships	1,600	1,200
Technology and vehicle purchase	50,325	2,253
Capital improvements	216,744	6,925
Other	775	968
	$ 318,356	$ 31,866

10. Endowment

The Center's endowment consists of a donor-restricted endowment fund. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Center has interpreted the Connecticut Prudent Management of Institutional Funds Act ("CTPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as net assets with donor restrictions to be maintained in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The amounts not held in perpetuity are held as donor restricted funds until appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by CTPMIFA. From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Center has interpreted CTPMIFA to permit spending from underwater endowments in accordance with prudent measurer required under law.

The Center's investment policy follows a conservative –moderate risk profile and long-term growth. In accordance with CTPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the donor-restricted endowment fund
- The investment policies of the Center
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Center

The Center's donor-restricted endowments as of June 30 are as follows:

	2022	2021
Endowment net assets, beginnning of year	$ 554,734	$ 53,849
Contributions	-	500,000
Investment income	(60,855)	885
Endowment net assets, end of year	$ 493,879	$ 554,734

At June 30, 2022, funds with original gift values of $550,000, fair values of $493,879, and deficiencies of $56,121 were reported in net assets with donor restrictions.

11. Defined Benefit Plan

The Center participates in the Bridgeport Diocesan Pension Plan (the “DB Plan”), a multi-employer, defined benefit plan sponsored by The Bridgeport Roman Catholic Diocesan Corporation (the “Diocese”). The DB Plan, a church plan not subject to the Employee Retirement Income Security Act of 1974, covers all lay employees of the sponsor and participating Diocesan employers who work 20 hours or more per week, have attained the age of 30 and have at least 3 years of continuous service prior to July 2, 2008, when participation was frozen. Effective July 31, 2010, pension benefits under the DB Plan were frozen. Pension benefits under the DB Plan are based on years of service and average compensation over a five-year period during the last 10 years of service, prior to July 31, 2010.

Due to the nature of the Lay Plan, it is not practicable to determine the extent to which the assets of the Lay Plan cover the actuarially computed value of vested benefits for the Center on a stand-alone basis. In addition, because the Lay Plan is considered to be a multi-employer plan, it is only subject to certain minimum reporting requirements. The Center’s required contributions were $12,948 and $12,947 for the years ended June 30, 2022 and 2021, and are expected to be approximately $12,960 for the year ending June 30, 2023.

At June 30, 2022 and 2021, the date of the most recent valuation, the Lay Plan’s projected benefit obligation exceeded the fair value of its assets by approximately $71.7 million and $80.6 million (unaudited).

12. Defined Contribution Plan

The Center participates in the Diocese’s defined-contribution 401(a) thrift plan covering all lay employees of the Diocese and other Diocesan entities who worked at least 30 hours per week, who meet the eligibility requirements of one year of service, and who were 21 years of age. Contributions are based on years of service to Diocesan entities at rates of 3% and 5%. The Center’s contributions were $42,035 and $41,560 for the years ended June 30, 2022 and 2021.

The Center also participates in the Diocese’s 403(b) salary reduction plan for all employees who wish to contribute. The Center does not make any contributions to this plan.

13. State of Connecticut Department of Developmental Services Bridge Funding

During the fiscal year ended June 30, 2021, the Center received additional $6,155 in bridge funding from the Department of Developmental Services (DDS) to fund billings that had not yet been processed by DDS. The bridge funding has been netted against a receivable from DDS in the amount of $103,763 resulting in net receivable of $33,397 and $24,721 at June 30, 2022 and 2021. This amount is included in tuition and fees receivable, net.

14. Related Party Transactions

In July 2012, the Center entered into a 99 year lease agreement which, expires in 2111 for the space with Holy Cross Church, which was amended in January 2018. The annual base rent is $30,000. On March 1, 2021, a second amendment was signed, which will be effective as of the issuance of a certificate of occupancy for the expansion portion of the existing building which will occur in 2023. The annual based rent will be $45,600 for the first ten years and then adjustments of 1.1% for the remaining ten years. The lease also requires the Center to pay utilities, repairs and maintenance expenses on a proportionate basis. Rental expense was $30,000 for the years ended June 30, 2022 and 2021. Future minimum lease payments are as follows:

2023	$ 30,000
2024	39,100
2025	45,600
2026	45,600
2027	45,600
Thereafter	3,830,400
	$ 4,036,300

The Center participates in various insurance programs sponsored by the Diocese for all Diocesan entities. The Center incurred the following expenses for these programs for the years ended June 30:

	2022	2021
Health, dental and vision insurance	$ 301,258	$ 270,197
Life and disability insurance	6,269	5,695
Workers compensation	3,540	3,552
Property, casualty and liability insurance	21,510	20,296
	$ 332,577	$ 299,740

In addition, the Center's employees are employees of the Diocese. The Diocese processes and funds the Center's payroll and receives reimbursement for payroll from the Center on a routine and recurring basis. In April 2020, the Diocese received a loan from a Bank under the Payroll Protection Program ("PPP"). The Center received a portion of the PPP loan funds from the Diocese based on payroll expenses of the Center. The PPP loan has the ability to be forgiven if certain expenditures are incurred. On October 19, 2021, the Center received notification that the full amount of the PPP loan was forgiven by the Diocese. The following amounts are due to the Diocese for the years ended June 30:

	2022	2021
Payroll services	$ 132,249	$ 109,595
Paycheck Protection Program loan	-	275,639
	$ 132,249	$ 385,234

15. Risks and Uncertainties

The Center’s financial position, operations, cash flows and financial performance may be affected by the ongoing coronavirus pandemic. If the outbreak continues and conditions worsen, the Center may experience a disruption in operations as well as a decline in support and revenues. Management cannot estimate the impact at this time.

* * * * *

St. Catherine Center for Special Needs Inc.

State Single Audit Schedules

June 30, 2022

St. Catherine Center for Special Needs Inc.

Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2022

State Grantor/Pass-Through Grantor Program Title	State Grant Program Core-CT Number	Total Expenditures
Department of Developmental Service		
Day Support Options	11000-DDS500100-16108	$ 1,031,874
Total Expenditures of State Financial Assistance		$ 1,031,874

See notes to schedule of expenditures of state financial assistance and independent auditors' report

1. Basis of Presentation

The accompanying schedule of expenditures of state financial assistance includes state grant activity of St. Catherine Center for Special Needs Inc. (the "Center") for the year ended June 30, 2022.

The information in the Schedule of Expenditures of State Financial Assistance is presented based on regulations established by the State of Connecticut, Office of Policy and Management.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accounting policies of the Center conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations of the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

3. Subrecipients

The Center did not provide state assistance to subrecipients for the year ended June 30, 2022.

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

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*

Independent Auditors' Report

Board of Directors
St. Catherine Center for Special Needs Inc.

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 St. Catherine Center for Special Needs Inc., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 7, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. Catherine Center for Special Needs Inc.'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 St. Catherine Center for Special Needs Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the St. Catherine Center for Special Needs Inc.'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 Organization'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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

PKF O'CONNOR DAVIES, LLP
3001 Summer Street, 5th Floor East, Stamford, CT 06905 I Tel: 203.323.2400 I Fax: 203.967.8733 I www.pkfod.com

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 St. Catherine Center for Special Needs Inc.'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

December 7, 2022

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance In Accordance with the State Single Audit Act

Independent Auditors' Report

Board of Directors
St. Catherine Center for Special Needs Inc.

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited St. Catherine Center for Special Needs Inc.'s compliance with the types of compliance requirements described in the Office of Policy and Management *Compliance Supplement* that could have a direct and material effect on each of St. Catherine Center for Special Needs Inc.'s major state programs for the year ended June 30, 2022. St. Catherine Center for Special Needs Inc.'s major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S Sections 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on St. Catherine Center for Special Needs Inc.'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 GAAS, *Government Auditing Standards*, and the State Single Audit Act 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 St. Catherine Center for Special Needs Inc.'s compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, 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 St. Catherine Center for Special Needs Inc.'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 St. Catherine Center for Special Needs Inc. '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 State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of St. Catherine Center for Special Needs Inc. 's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

PKF O'Connor Davies, LLP

December 7, 2022

St. Catherine Center for Special Needs Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

I.Summary of Auditors' Results

Financial Statements

Type of auditors' opinion issued	Unmodified	
Internal control over financial reporting:		
Material weakness (es) identified?	____ Yes	X no
Significant deficiency (ies) identified?	____ Yes	X none reported
Noncompliance material to financial statements noted?	____ Yes	X no

State Financial Assistance

Internal control over major state programs:		
Material weakness (es) identified?	____ Yes	X no
Significant deficiency (ies) identified?	____ Yes	X none reported
Type of auditors' report issued on compliance for major state programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the regulations to the State Single Audit Act?	____ Yes	X no

The following schedule reflects the major programs included in the audit:

State Grantor/Pass-Through Grantor Program Title	State Grant Program Core-CT Number	Total Expenditures
Department of Developmental Service		
Day Support Options	11000-DDS500100-16108	$ 1,031,874

Dollar threshold used to distinguish between type A and type B programs	$ 200,000

II. Financial Statement Findings

During our audit, we noted no material findings for the year ended June 30, 2022.

III. State Financial Assistance Findings and Questioned Costs

No findings or questioned costs are reported relating to State financial assistance programs.

IV. Prior Year Financial Statement Findings

There were no prior year findings.