

**St. Catherine Center for
Special Needs Inc.**

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

June 30, 2024 and 2023

St. Catherine Center for Special Needs Inc.

Financial Statements and State Single Audit Schedules
Together With Independent Auditors' Reports
June 30, 2024

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

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, 2024, 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 present fairly, in all material respects, the financial position of St. Catherine Center for Special Needs Inc. 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 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.

Prior Period Adjustment

As discussed in Note 3 to the financial statements, certain errors resulting in overstatement of amounts previously reported for net assets with donor restrictions and releases from restrictions as of June 30, 2023 were discovered by management of the Organization during the current year. Accordingly, amounts reported for donor restricted net assets and releases from restrictions have been restated in the 2023 financial statements now presented. Our opinion is not modified with respect to that matter.

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.

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 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 schedule of expenditures of state financial assistance 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 20, 2024, on our consideration of The Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Organization's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

December 20, 2024

St. Catherine Center for Special Needs Inc.

Statements of Financial Position

	June 30,	
	2024	2023
ASSETS		
Cash and cash equivalents	\$ 2,715,457	\$ 3,336,955
Tuition, fees and other receivable, net of allowance for credit loss of \$20,165 for 2024 and bad debt of \$17,165 for 2023	124,805	114,469
Contributions receivable, net	527,014	825,667
Prepaid expenses	887	277
Investments	3,027,245	3,728,461
Property and equipment, net	6,750,652	4,297,443
Operating lease right-of-use asset	<u>1,203,210</u>	<u>849,949</u>
	<u>\$ 14,349,270</u>	<u>\$ 13,153,221</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 118,161	\$ 234,987
Deferred revenue	4,890	4,890
Due to The Bridgeport Roman Catholic Diocesan Corporation	138	130,528
Operating lease liability	<u>1,223,687</u>	<u>852,321</u>
Total Liabilities	<u>1,346,876</u>	<u>1,222,726</u>
Net Assets		
Without donor restrictions		
Undesignated	5,277,001	4,444,369
Property and equipment without donor restrictions	<u>6,750,652</u>	<u>1,793,064</u>
Total without donor restrictions	12,027,653	6,237,433
With donor restrictions	<u>974,741</u>	<u>5,693,062</u>
Total Net Assets	<u>13,002,394</u>	<u>11,930,495</u>
	<u>\$ 14,349,270</u>	<u>\$ 13,153,221</u>

See notes to financial statements

St. Catherine Center for Special Needs Inc.

Statements of Activities

	Year Ended June 30, 2024			Year Ended June 30, 2023		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
REVENUE AND SUPPORT						
Tuition and fees	\$ 1,525,464	\$ -	\$ 1,525,464	\$1,521,283	\$ -	\$ 1,521,283
Financial aid	(220,700)	-	(220,700)	(203,600)	-	(203,600)
Net Tuition and Fees	1,304,764	-	1,304,764	1,317,683	-	1,317,683
Adult program fees	1,303,848	-	1,303,848	1,032,698	-	1,032,698
Contributions and grants	769,482	40,575	810,057	504,756	256,268	761,024
Fundraising events	165,836	88,050	253,886	152,252	127,778	280,030
Investment return, net	319,988	60,171	380,159	229,960	52,293	282,253
Net assets released from restrictions	4,907,117	(4,907,117)	-	78,950	(78,950)	-
Total Revenue and Support	8,771,035	(4,718,321)	4,052,714	3,316,299	357,389	3,673,688
EXPENSES						
Program services	2,434,797	-	2,434,797	2,331,936	-	2,331,936
Supporting services						
Management and general	266,503	-	266,503	242,084	-	242,084
Development and fundraising	119,213	-	119,213	142,013	-	142,013
Total Expenses Before Depreciation and Amortization	2,820,513	-	2,820,513	2,716,033	-	2,716,033
Depreciation and amortization	160,302	-	160,302	106,527	-	106,527
Total Expenses	2,980,815	-	2,980,815	2,822,560	-	2,822,560
Change in Net Assets	5,790,220	(4,718,321)	1,071,899	493,739	357,389	851,128
NET ASSETS						
Beginning of year	6,237,433	5,693,062	11,930,495	5,743,694	5,335,673	11,079,367
End of year	\$ 12,027,653	\$ 974,741	\$ 13,002,394	\$ 6,237,433	\$ 5,693,062	\$ 11,930,495

See notes to financial statements

St. Catherine Center for Special Needs Inc.

Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services			Supporting Services		Total
	St. Catherine's Academy	Adult Day Program	Total	Management and General	Development and Fundraising	
Personnel costs						
Salaries	\$ 572,550	\$ 795,853	\$ 1,368,403	\$ 146,461	\$ 39,847	\$ 1,554,711
Payroll taxes and benefits	253,613	217,809	471,422	53,691	11,518	536,631
Total Personnel Costs	826,163	1,013,662	1,839,825	200,152	51,365	2,091,342
Professional therapy services	188,109	-	188,109	-	-	188,109
Maintenance and repair	56,773	56,853	113,626	4,248	2,322	120,196
Professional fees	2,764	6,640	9,404	40,608	201	50,213
Program activities	18,485	36,262	54,747	126	65	54,938
Rent	32,385	23,553	55,938	2,944	-	58,882
Utilities	20,425	21,500	41,925	3,886	2,447	48,258
Transportation	9,399	26,630	36,029	-	-	36,029
Textbooks, publications, and supplies	20,571	20,904	41,475	2,631	3,073	47,179
Credit loss	3,000	-	3,000	-	-	3,000
Miscellaneous	11,294	8,370	19,664	7,216	2,824	29,704
Insurance	7,012	13,442	20,454	369	-	20,823
Printing and postage	2,447	1,853	4,300	1,759	5,719	11,778
Bank and other charges	-	-	-	-	6,549	6,549
Food and beverage	4,103	2,198	6,301	2,564	44,648	53,513
Total Expenses Before Depreciation and Amortization	1,202,930	1,231,867	2,434,797	266,503	119,213	2,820,513
Depreciation and amortization	76,143	80,151	156,294	4,008	-	160,302
Total Expenses	\$ 1,279,073	\$ 1,312,018	\$ 2,591,091	\$ 270,511	\$ 119,213	\$ 2,980,815

See notes to financial statements

St. Catherine Center for Special Needs Inc.

Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services			Supporting Services		Total
	St. Catherine's Academy	Adult Day Program	Total	Management and General	Development and Fundraising	
Personnel costs						
Salaries	\$ 653,239	\$ 748,373	\$ 1,401,612	\$ 142,358	\$ 48,042	\$ 1,592,012
Payroll taxes and benefits	<u>276,667</u>	<u>190,210</u>	<u>466,877</u>	<u>60,161</u>	<u>13,870</u>	<u>540,908</u>
Total Personnel Costs	929,906	938,583	1,868,489	202,519	61,912	2,132,920
Professional therapy services	168,034	-	168,034	-	-	168,034
Maintenance and repair	35,808	41,453	77,261	3,188	2,050	82,499
Professional fees	10,143	2,660	12,803	27,007	91	39,901
Rent	16,622	15,000	31,622	750	-	32,372
Program activities	10,889	27,404	38,293	5	-	38,298
Utilities	11,078	13,407	24,485	1,502	832	26,819
Textbooks, publications, and supplies	16,032	7,836	23,868	1,081	5,672	30,621
Insurance	7,372	16,695	24,067	385	-	24,452
Printing and postage	1,902	1,743	3,645	1,011	12,567	17,223
Miscellaneous	13,255	7,441	20,696	3,353	6,954	31,003
Transportation	9,036	23,522	32,558	-	-	32,558
Bad debt	2,500	-	2,500	-	-	2,500
Bank and other charges	-	-	-	-	7,572	7,572
Food and beverage	<u>2,465</u>	<u>1,150</u>	<u>3,615</u>	<u>1,283</u>	<u>44,363</u>	<u>49,261</u>
Total Expenses Before Depreciation and Amortization	1,235,042	1,096,894	2,331,936	242,084	142,013	2,716,033
Depreciation and amortization expense	<u>49,727</u>	<u>54,078</u>	<u>103,805</u>	<u>2,722</u>	<u>-</u>	<u>106,527</u>
Total Expenses	<u>\$ 1,284,769</u>	<u>\$ 1,150,972</u>	<u>\$ 2,435,741</u>	<u>\$ 244,806</u>	<u>\$ 142,013</u>	<u>\$ 2,822,560</u>

See notes to financial statements

St. Catherine Center for Special Needs Inc.

Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,071,899	\$ 851,128
Adjustments to reconcile change in net assets to net cash from operating activities		
Unrealized gain on investments	(227,499)	(86,445)
Depreciation and amortization	160,302	106,527
Discount on contributions receivables	7,944	14,345
Amortization of operating lease right-of-use assets	20,477	17,141
Credit loss	3,000	2,500
Changes in operating assets and liabilities		
Tuition fees and other receivable	(13,336)	27,233
Contributions receivable	290,709	729,166
Prepaid expenses	(610)	34,382
Accounts payable and accrued expenses	(116,826)	15,863
Deferred revenue	-	(2,750)
Operating lease liability	(2,372)	(14,769)
Due to The Bridgeport Roman Catholic Diocesan Corporation	(130,390)	(1,721)
Net Cash from Operating Activities	1,063,298	1,692,600
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase/sales of investments	(1,050,387)	(154,806)
Sales of investments	1,979,102	1,264,717
Acquisitions of property and equipment	(2,613,511)	(2,586,566)
Net Cash from Investing Activities	(1,684,796)	(1,476,655)
Change in cash and cash equivalents	(621,498)	215,945
CASH AND CASH EQUIVALENTS		
Beginning of year	3,336,955	3,121,010
End of year	\$ 2,715,457	\$ 3,336,955
SUPPLEMENTAL CASH FLOW INFORMATION		
Non-cash Investing and Financing activity		
Acquisition of property funded through accounts payable	\$ -	\$ 116,195

See notes to financial statements

St. Catherine Center for Special Needs Inc.

Notes to Financial Statements
June 30, 2024 and 2023

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 18 and 19 students (authorized to serve up to 28 students) for the years ended June 30, 2024 and 2023. The Center Adult Day Program, established in 2015, served 27 and 26 adults for the years ended June 30, 2024 and 2023.

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 credit losses, the functional allocation of expenses, depreciation and amortization.

St. Catherine Center for Special Needs Inc.

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board issued an accounting pronouncement related to the measurement of credit losses on financial instruments. This pronouncement and subsequently issued Accounting Standards Updates, clarified certain provisions of the new guidance, changed the incurred loss model for most financial assets and required the use of an expected loss model for instruments measured at amortized cost and certain other instruments that are not measured at fair value through net income. Under this model, entities are required to estimate the lifetime expected credit losses on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. The adoption of this guidance on July 1, 2023 did not have a material effect on the financial statements.

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.

Tuition Receivables

Tuition receivable represents tuition and other charges earned but not yet collected. As a result of adoption ASU 2016-13, Financial Instruments – Credit Losses (Topic 326), the Academy changed its methodology of determining the allowance for credit losses which was based on a combination of write-off history, aging analysis and any specific known troubled accounts, with a methodology that reflects expected credit losses and requires the use of a forward-looking expected credit loss rate for its accounts receivable. The Academy writes off uncollectible tuition receivables once collection efforts have been exhausted. Tuition receivable was \$144,202 at July 1, 2022.

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 6 for a discussion of fair value measurements.

St. Catherine Center for Special Needs Inc.

Notes to Financial Statements
June 30, 2024 and 2023

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

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

Leases

The determination of whether an arrangement is a lease is made at the lease's inception. A contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. The lease is presented as an operating lease ROU asset and operating lease liability on the School's statement of financial position. The operating lease ROU assets represent the School's right to control the use of an underlying asset for the lease term and the lease liability represents the School's obligation to make lease payments arising from the lease. The operating lease ROU asset and liability are recognized at the lease commencement date based on the present value of future lease payments. If available, the School uses the rate implicit in the lease to discount lease payments to present value; however, the School's current lease does not provide a readily determinable implicit rate. Therefore, the School has elected the discount lease payments based on an estimate of its incremental borrowing rate.

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.

St. Catherine Center for Special Needs Inc.

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Tuition and program fees (continued)

Accounts receivable was \$144,202 at June 30, 2022. Deferred revenue was \$7,640 at June 30, 2022.

Contributions

Unconditional contributions are recognized when promised 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 recognized contributed services for the years ending June 30, 2024 and 2023.

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, 2024 and 2023, there was no allowance recorded.

St. Catherine Center for Special Needs Inc.

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

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.

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, 2020.

Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through December 20, 2024, which represents the date the financial statements were available to be issued.

3. Prior Period Adjustment

Net assets with and without donor restrictions as of June 30, 2023 and net assets released from restrictions for the year ending June 30, 2023 have been adjusted for net assets restricted for building project that do not get released until the underlying property acquired with the donor restricted net assets is placed into service. The correction has no effect on the results of the activities; however, the effect decreases net assets without donor restrictions by \$2,504,370 and increases net assets with donor restrictions for the same amount. The change in net assets without donor restrictions decreased by \$2,583,329. The amount of net assets released from restrictions for the year ended June 30, 2023 was reduced by \$2,583,329.

St. Catherine Center for Special Needs Inc.

Notes to Financial Statements
June 30, 2024 and 2023

4. 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:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,715,457	\$ 3,336,955
Tuition, fees and other receivable, net	124,805	114,469
Contributions receivable, net	324,458	342,996
Investments	<u>3,027,245</u>	<u>3,728,461</u>
Total Financial Assets Available Within One Year	<u>6,191,965</u>	<u>7,522,881</u>
Less amounts unavailable for general expenditures within one year due to		
Restricted by donors as to use	424,741	5,143,062
Restricted by donors - to be held in perpetuity	<u>550,000</u>	<u>550,000</u>
	<u>974,741</u>	<u>5,693,062</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 5,217,224</u>	<u>\$ 1,829,819</u>

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.

St. Catherine Center for Special Needs Inc.

Notes to Financial Statements
June 30, 2024 and 2023

5. 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, 2024 and 2023, the uninsured balance is approximately \$2,460,000 and \$3,087,000. 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 – At June 30, 2024, two donor promises to give comprises 39 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 \$1,203,848 and \$1,032,698 for the years ended June 30, 2024 and 2023.

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

St. Catherine Center for Special Needs Inc.

Notes to Financial Statements
June 30, 2024 and 2023

6. Contributions Receivable

Contributions receivable consist of the following at June 30, 2024 and 2023:

	2024		
	Due in 1 Year	Due in 2-5 Years	Total
Capital campaign contributions receivable	\$ 318,110	\$ 210,500	\$ 528,610
Other contribution receivables	6,348	-	6,348
	324,458	210,500	534,958
Discount to net present value	-	(7,944)	(7,944)
Net pledges receivable	\$ 324,458	\$ 202,556	\$ 527,014
	2023		
	Due in 1 Year	Due in 2-5 Years	Total
Capital campaign contributions receivable	\$ 320,558	\$ 497,016	\$ 817,574
Other contribution receivables	22,438	-	22,438
	342,996	497,016	840,012
Discount to net present value	-	(14,345)	(14,345)
Net pledges receivable	\$ 342,996	\$ 482,671	\$ 825,667

Contributions have been discounted at the rate of 2.16%. The capital campaign receivables of \$478,610 and \$817,574 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.

St. Catherine Center for Special Needs Inc.

Notes to Financial Statements
June 30, 2024 and 2023

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, 2024 and 2023.

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:

	<u>2024</u>	<u>2023</u>
Level 1 Inputs		
Bond mutual funds	\$ 432,040	\$ 944,651
Equities mutual funds	<u>2,402,437</u>	<u>2,608,034</u>
Total assets measured at fair value	<u>2,834,477</u>	<u>3,552,685</u>
Investments measured at NAV (1)		
Limited partnership investment	<u>192,768</u>	<u>175,776</u>
	<u>\$ 3,027,245</u>	<u>\$ 3,728,461</u>

(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:

	<u>2024</u>	<u>2023</u>
Dividends and capital gains on investments	\$ 43,199	\$ 146,626
Unrealized gain (loss)	<u>336,960</u>	<u>135,627</u>
	<u>\$ 380,159</u>	<u>\$ 282,253</u>

St. Catherine Center for Special Needs Inc.

Notes to Financial Statements
June 30, 2024 and 2023

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 periods ended June 30, 2024 and 2023 for the limited partnership investment:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 175,776	\$ 167,588
Net investment income	<u>16,992</u>	<u>8,188</u>
	<u>\$ 192,768</u>	<u>\$ 175,776</u>

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:

	<u>2024</u>	<u>2023</u>
Leasehold improvements	\$ 7,185,027	\$ 2,255,054
Construction in process	75,750	2,847,516
Furniture and fixtures	40,558	40,558
Computers	168,314	51,972
Vehicles	358,157	357,057
Other equipment	<u>388,335</u>	<u>50,473</u>
	8,216,141	5,602,630
Accumulated depreciation and amortization	<u>(1,465,489)</u>	<u>(1,305,187)</u>
	<u>\$ 6,750,652</u>	<u>\$ 4,297,443</u>

In November 2022, the Center entered into a construction contract with an estimated cost of \$4,800,000 to be completed over a twelve-month period. The project was completed in September 2023 for a total cost of \$4,764,362. Total costs were funded by the capital campaign.

St. Catherine Center for Special Needs Inc.

Notes to Financial Statements
June 30, 2024 and 2023

9. Net Assets With Donor Restrictions

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

	2024	2023
Purpose		
Building Project	\$ 181,393	\$ 4,767,807
Capital improvements	-	167,172
Social enterprise and vocational	129,872	129,283
Technology and vehicle purchase	38,653	37,757
Adult program	31,586	61,514
Others	7,362	3,825
Accumulated deficit on donor-restricted endowment assets restricted until appropriated	35,875	(24,296)
To be held in perpetuity	550,000	550,000
	\$ 974,741	\$ 5,693,062

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

Purpose restriction		
Adult program	\$ 34,594	\$ 32,695
Vocational	3,711	33,590
Technology and vehicle purchase	26,024	7,842
Capital improvements	166,799	153
Building project	4,674,464	-
Other	1,525	4,670
	\$ 4,907,117	\$ 78,950

St. Catherine Center for Special Needs Inc.

Notes to Financial Statements
June 30, 2024 and 2023

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 determines spending based on annual cash inflows determined at the close of each fiscal year.

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:

	2024	2023
Endowment net assets, beginning of year	\$ 525,704	\$ 493,880
Investment income	60,171	31,824
Endowment net assets, end of year	<u>\$ 585,875</u>	<u>\$ 525,704</u>

At June 30, 2024 and 2023, funds with original gift values of \$550,000, fair values of \$525,704 and \$493,880 and deficiencies of \$24,296 and \$56,230 were reported in net assets with donor restrictions.

St. Catherine Center for Special Needs Inc.

Notes to Financial Statements
June 30, 2024 and 2023

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 \$31,176 and \$12,948 for the years ended June 30, 2024 and 2023, and are expected to be approximately \$32,000 for the year ending June 30, 2025.

At June 30, 2024 and 2023, the date of the most recent valuation, the Lay Plan’s projected benefit obligation exceeded the fair value of its assets by approximately \$57.2 million and \$60.9 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 \$38,178 and \$41,367 for the years ended June 30, 2024 and 2023.

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.

St. Catherine Center for Special Needs Inc.

Notes to Financial Statements June 30, 2024 and 2023

13. Operating Leases

In July 2012, the Center entered into a 99 year lease agreement that expires in 2111 for the space with Holy Cross Church, a related party, which was amended in October 2024. Other information related to the operating lease for the years ended June 30 are as follows:

	<u>2024</u>	<u>2023</u>
Lease expense	\$ 47,339	\$ 32,372
Cash paid for amounts included in the measurement of lease liabilities	\$ 40,777	\$ 30,000
Operating cash flows from operating leases	\$ 44,200	\$ 30,000
Weighted-average remaining lease term in years for operating leases	87	99
Weighted-average discount rate for lease liabilities	3.66%	3.66%

Future minimum lease payments required for operating leases as of June 30, 2024 are as follows:

2025	\$ 45,600
2026	45,600
2027	45,600
2028	45,600
2029	45,600
Thereafter	<u>3,910,951</u>
Total undiscounted cash flows	4,138,951
Less present value discount	<u>(2,915,264)</u>
	<u>\$ 1,223,687</u>

14. State of Connecticut Department of Developmental Services Bridge Funding

During the fiscal year ended June 30, 2021, the Center received an 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 \$99,158 resulting in net receivable of \$35,694 and \$33,397 at June 30, 2024 and 2023. This amount is included in tuition and fees receivable, net.

St. Catherine Center for Special Needs Inc.

Notes to Financial Statements
June 30, 2024 and 2023

15. Related Party Transactions

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:

	<u>2024</u>	<u>2023</u>
Health, dental and vision insurance	\$ 325,956	\$ 339,239
Life and disability insurance	6,908	2,369
Workers compensation	3,600	3,600
Property, casualty and liability insurance	<u>20,823</u>	<u>24,336</u>
	<u>\$ 357,287</u>	<u>\$ 369,544</u>

In addition, the Center's employees are employees of the Diocese. The Diocese processed and funded the Center's payroll and receives reimbursement for payroll from the Center on a routine and recurring basis through January 2024. The following amounts are due to the Diocese for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Payroll services	<u>\$ 138</u>	<u>\$ 130,528</u>

* * * * *

**St. Catherine Center for
Special Needs Inc.**

State Single Audit Schedules

June 30, 2024

St. Catherine Center for Special Needs Inc.

Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2024

<u>State Grantor/Pass-Through Grantor Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Total Expenditures</u>
<u>Department of Developmental Service</u>		
Employment Opportunities and Day Services	11000-DDS500-16108	\$ 1,267,683
Total Expenditures of State Financial Assistance		\$ 1,267,683

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

St. Catherine Center for Special Needs Inc.

Notes to Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2024

1. Summary of Significant Accounting Policies

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, 2024. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. Because the Schedule presents only a selected portion of the operations of the Center, it is not intended and does not present the financial position, changes in net asset, or cash flows of the Center.

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 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.

Basis of Accounting

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.

2. Subrecipients

The Center did not provide state assistance to subrecipients for the year ended June 30, 2024.

**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, 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, and have issued our report thereon dated December 20, 2024.

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. 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 have not been 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*.

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 20, 2024

**Report on Compliance for Each Major State Program and Report on
Internal Control Over Compliance Required by 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's *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, 2024. 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, 2024.

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 St. Catherine Center for Special Needs, Inc.'s 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 20, 2024

St. Catherine Center for Special Needs Inc.

Schedule of Findings and Questioned Costs *(continued)*
Year Ended June 30, 2024

I. Summary of Auditors' Results

Financial Statements

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

State Financial Assistance

Internal control over major state programs:			
Material weakness (es) identified?	___ Yes	<u> X </u> no	
Significant deficiency (ies) identified?	___ Yes	<u> X </u> 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	<u> X </u> 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
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Department of Developmental Service

Employment Opportunities and Day Services	11000-DDS500-16108	\$ <u>1,267,683</u>
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Dollar threshold used to distinguish between type A and type B programs	\$ 200,000
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II. Financial Statement Findings

No financial statement findings

III. State Financial Assistance Findings and Questioned Costs

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

St. Catherine Center for Special Needs Inc.

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024

Financial Statement Findings

Finding No. 2023-1

Condition: General ledger accounts were not analyzed for proper accounting or reconciled to supporting documentation.

Current Status: The finding has been corrected.