St. Joseph the Worker
Financial Statements and Independent Auditor's Report for the Year Ending June 30, 2023
With Summarized Comparative Information for the Year Ended June 30, 2022

Report on Schedule of Expenditures of Federal Awards and Reports Required by Government Auditing Standards and the Uniform Guidance For the Year Ended June 30, 2023

❖ Snyder & Brown, CPAs, PLLC

St. Joseph the Worker
June 30, 2023 and 2022
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Independent Auditor's Report

To the Board of Directors
St. Joseph the Worker

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of St. Joseph The Worker (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of St. Joseph The Worker as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter – Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, the Organization has changed its method of accounting for leases in the year ended June 30, 2023 due to the adoption of Accounting Standards Codification (ASC) Topic 842, Leases. Our opinion is not modified with respect to this 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 St. Joseph The Worker's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of St. Joseph The Worker'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 St. Joseph The Worker'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.

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

Report on Summarized Comparative Information

We have previously audited St. Joseph the Worker's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 6, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of St. Joseph the Worker'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 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 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. Joseph the Worker's internal control over financial reporting and compliance.

Snyder & Brown CPAs. PLLC

Tempe, Arizona
November 30, 2023

Financial Statements

St. Joseph The Worker
Statement of Financial Position
June 30, 2023
(With Summarized Comparative Information for the Year Ended June 30, 2022)

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	$ 852,716	$ 1,350,778
Grants and contributions receivable	338,983	895,413
Accounts receivable	-	54,984
Supplies and donated inventory	190,952	318,001
Prepaid expenses	10,528	52,048
Total current assets	1,393,179	2,671,224
Non-current assets:		
Property and equipment, net	96,781	109,060
Right of use assets, net	561,298	-
Deposits	18,576	8,000
Total noncurrent assets	676,655	117,060
Total assets	$ 2,069,834	$ 2,788,284
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 103,078	$ 37,364
Accrued payroll and related	128,163	245,676
Deferred revenues	-	1,006,309
Operating lease liability	362,735	-
Total current liabilities	593,976	1,289,349
Noncurrent liabilities:		
Operating lease liability	204,365	-
Total liabilities	798,341	1,289,349
Net assets:		
Without donor restriction	1,271,493	1,498,935
With donor restriction	-	-
Total net assets	1,271,493	1,498,935
Total liabilities and net assets	$ 2,069,834	$ 2,788,284

See accompanying notes to the financial statements.

St. Joseph The Worker
Statement of Activities
For the Year Ended June 30, 2023
(With Summarized Comparative Information for the Year Ended June 30, 2022)

	2023			
	Without Donor Restrictions	With Donor Restrictions	Total	2022
Revenues and support:				
Government grants and fee for service contracts	$ 2,927,678	$ -	$ 2,927,678	$ 1,673,573
Contributions	2,024,080	-	2,024,080	2,074,522
Service revenue	527,712	-	527,712	986,672
In-kind donations	683,473	-	683,473	593,274
Other income	21,931	-	21,931	6,143
Net assets released from restrictions	-	-	-	-
Total revenues and support before special events	6,184,874	-	6,184,874	5,334,184
Special event revenue	220,478	-	220,478	192,663
Less cost of direct benefits to donors	(31,827)	-	(31,827)	(19,239)
Net revenues from special events	6,373,525	-	6,373,525	5,507,608
Total revenues and support				
Expenses and losses:				
Program services	6,011,745	-	6,011,745	4,354,529
Support services:				
Management and general	344,798	-	344,798	174,991
Fundraising	244,424	-	244,424	312,697
Total expenses	6,600,967	-	6,600,967	4,842,217
Change in net assets	(227,442)	-	(227,442)	665,391
Net assets, beginning of year	1,498,935	-	1,498,935	833,544
Net assets, end of year	$ 1,271,493	$ -	$ 1,271,493	$ 1,498,935

See accompanying notes to the financial statements.

St. Joseph The Worker
Statement of Functional Expenses
For the Year Ended June 30, 2023
(With Summarized Comparative Information for the Year Ended June 30, 2022)

		Supporting Services			Totals	
	Program	Administrative	Fundraising	Direct Benefits to Donors	2023	2022
Salaries	$ 1,704,650	$ 42,835	$ 72,684	$ -	$ 1,820,169	$ 1,446,461
Taxes and employee benefits	559,222	16,562	19,958	-	595,742	390,252
Total payroll and related	2,263,872	59,397	92,642	-	2,415,911	1,836,713
Other expenses						
Direct client support	2,729,279	-	-	-	2,729,279	2,400,904
Professional services	20,473	215,133	124,864	-	360,470	226,383
Occupancy	776,029	33,333	2,418	-	811,780	160,969
Telephone and computer	40,990	14,846	7,981	-	63,817	72,961
Office supplies	31,465	6,070	5,766	-	43,301	29,040
Dues, subscriptions and meetings	19,227	2,613	4,042	-	25,882	47,091
Equipment rental	23,556	0	715	-	24,271	10,550
Printing and postage	3,194	1,080	4,137	-	8,411	13,197
Insurance	15,485	4,592	543	-	20,620	15,547
Depreciation	48,978	1	-	-	48,979	21,300
Other	39,197	7,733	1,316	-	48,246	7,562
Event venue	-	-	-	-	-	6,776
Event entertainment	-	-	-	-	-	1,449
Event food and beverages	-	-	-	8,150	8,150	300
Other event costs	-	-	-	23,677	23,677	10,714
	6,011,745	344,798	244,424	31,827	6,632,794	4,861,456
Less amount reported in revenue and support on the statement of activities; direct benefit to donors	-	-	-	(31,827)	(31,827)	(19,239)
Total expenses	$ 6,011,745	$ 344,798	$ 244,424	$ -	$ 6,600,967	$ 4,842,217

See accompanying notes to the financial statements.

St. Joseph The Worker
Statement of Cash Flows
For the Year Ended June 30, 2023
(With Summarized Comparative Information for the Year Ended June 30, 2022)

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ (227,442)	$ 665,391
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	48,979	21,300
Amortization of operating lease	326,778	-
Changes in operating assets and liabilities		
Grants and contributions receivable	556,430	(777,214)
Accounts receivable	54,984	(19,300)
Supplies and donated inventory	127,049	(124,581)
Prepaid expenses	41,520	(48,964)
Deposits	(10,576)	-
Accounts payable	65,714	9,178
Accrued payroll and related	(117,513)	73,207
Deferred revenue	(1,002,850)	826,926
Principal reduction of operating lease liability	(324,435)	-
Net cash provided (used) by operating activities	(461,362)	625,943
Cash flows from investing activities:		
Purchases of equipment	(36,700)	(98,240)
Net cash provided (used) by investing activities	(36,700)	(98,240)
Net increase (decrease) in cash and cash equivalents	(498,062)	527,703
Cash and cash equivalents, beginning of year	1,350,778	823,075
Cash and cash equivalents, end of year	$ 852,716	$ 1,350,778

See accompanying notes to the financial statements.

Note 1 - Operations and Summary of Significant Accounting Policies

Nature of the Organization - St. Joseph the Worker (SJW or Organization) is an Arizona nonprofit corporation formed in 1989. SJW's primary purpose is to assist the homeless, low-income, and other disadvantaged individuals in their efforts to become self-sufficient through quality employment.

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and liabilities. Revenues are recognized when earned and expenses are recorded when incurred.

Basis of Presentation - The financial statements of the Organization have been prepared in accordance with U.S. Generally accepted accounting principles (US GAAP).

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

> *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
>
> *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Estimates – The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Cash and cash equivalents consist primarily of cash on hand and bank deposit accounts. For purposes of the statement of cash flows, the Organization considers all highly liquid investments with initial maturities of three months or less to be cash equivalents.

Concentrations of credit risk – Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and equivalents. The Organization maintains its cash and equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization's cash and equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Grants and Contributions Receivable – Contributions, which include unconditional promises to give, are recognized as revenues in the period the Organization is notified of the commitment. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Unconditional pledges from program campaigns are recorded as temporarily restricted support when received due to donor time restrictions. Payments received on such pledges are recognized simultaneously as an increase in unrestricted net assets and a decrease in temporarily restricted net assets. Grants and contributions receivable include receivables from grantors relating to the Organization's fee-for-service contracts.

Deferred revenue – Deferred revenue represents grants received in advance of services provided.

Supplies and donated inventory – Office supplies are reported at cost. Gift card and bus pass inventory is reported at the face value of the cards/pass. Donated clothing and hygiene supplies are held in inventory until they are distributed to client. Donated inventory is recorded at its estimated fair value at the date of donation.

Property and Equipment – Property and equipment are recorded at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from three to ten years. The Organization's policy is to capitalize renewals and betterments acquired for greater than $2,500 and expense normal repairs and maintenance as incurred. The Organization's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered. For the year ended June 30, 2023 and 2022, depreciation and amortization expense totaled $48,979 and $21,300, respectively.

Fair Value of Financial Statements - Unless otherwise indicated, the fair values of all reported assets and liabilities which represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such amounts.

Functional Allocation of Expenses - The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses. Most costs are directly identifiable with specific program. Certain other costs have been allocated among the programs and supporting services benefited based on estimated time and effort expended for each function.

Income Tax Status - The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, there is no provision for income taxes. Management of the Organization believes that they have appropriate support for tax positions taken and, as such, do not have any uncertain tax positions that result in a material impact on the Organization's financial position or statement of activities.

Subsequent Events - Subsequent events were evaluated by management November 30, 2023, the date on which the financial statements were available to be issued.

Recent Accounting Guidance – The Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires the Organization to present contributed nonfinancial assets in a separate line item in the statement of activities and to disclose certain information about the contributed nonfinancial assets, including whether the assets were monetized or utilized by the Organization. In addition, the Organization is required to disclose a description of how these assets are valued. The Organization adopted this standard as of July 1, 2022.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) amending the accounting for leases. The Organization adopted the new standard effective July 1, 2022, using the modified retrospective approach. Comparative prior periods were not adjusted upon adoption as the Organization utilized the practical expedient available under the guidance. Further, the Organization elected to implement the package of practical expedients, whereby the Alliance did not (i) reassess existing contracts for embedded leases, (ii) reassess existing lease agreements for finance or operating classification, or (iii) reassess existing lease agreements in consideration of initial direct costs. The implementation of this standard did not have a material impact to the statements of income and retained earnings and cash flows.

Upon adoption, on July 1, 2022, the Organization recognized $395,729 in a right-of-use (“ROU”) asset related to its leased property. A corresponding lease liability of $395,729 was also recognized. There was no cumulative effect of applying the new standard and accordingly, there was no adjustment to net assets upon adoption.

Leases– The Organization categorizes leases with contractual terms longer than twelve months as either operating or finance leases. Finance leases are generally those leases that allow the Organization to substantially utilize or pay for the entire asset over its estimated useful life. All other leases are categorized as operating leases. Leases with contractual terms of 12 months or less are not recorded on the balance sheet. The Organization had no finance leases during 2023 and 2022.

Certain lease contracts include obligations to pay for other services such as operations, property taxes and maintenance. For leases of property, the services are accounted for separately and payments are allocated to the lease and other services components based on stand-alone prices.

Lease liabilities are recognized at the present value of the fixed lease payments, using a discount rate based on similarly secured borrowings available. Right of use assets are recognized based on the initial present value of the fixed lease payments, plus any direct costs from executing the leases. Lease assets are tested for impairment in the same manner as long-lived assets used in operations.

Options to extend lease terms, terminate leases before the contractual expiration date, or purchase the lease assets, are evaluated for their likelihood of exercise. If it is reasonably certain that the option will be exercised, the option is considered in determining the classification and measurement of the lease.

Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease.

Summarized Comparative Information – The statement of activities and functional expenses includes certain prior year summarized comparative information in total but not by net assets, and program and supporting activities. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Reclassifications – Certain prior year amounts have been reclassified to conform to the current year presentation.

Revenue Recognition:

Contributions: Unconditional contributions received are recorded as support with or without donor-imposed restrictions based on the existence and/or nature of any donor restrictions. All donor restricted support is reported as an increase in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Government fees and grants: Government fees primarily relate to revenue received from the fee-for-service contracts with various government agencies. Based on the nature of these contracts, government fees and grants are recognized as revenue in the financial statements utilizing the contribution guidance in Topic 958.

Service revenue: Revenue for outsourced placement of employees is recognized at a point in time as services are provided by the employee and become their payroll cost is due to the Organization.

Donated Materials and Services - Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also donated significant amounts of their time in the Organization’s program services.

Note 2 – Availability and Liquidity

The following represents the Organization's financial assets at June 30, 2023 and 2022:

Financial assets at year end:	2023	2022
Cash and cash equivalents	$ 852,716	$ 1,350,778
Grants and contributions receivable	338,983	895,413
Accounts receivable	-	54,984
Less contractual or donor-imposed restrictions:		
Contractually restricted advance funding	-	(1,006,309)
Financial assets available to meet cash needs for general expenditure within one year	$ 1,191,699	$ 1,294,866

The Organization's goal is generally to maintain financial assets to meet 30 days of total expenses (approximately $400,000). As part of its liquidity plan, the Organization maintains the majority of its short-term assets in cash accounts, short term investments and short-term receivables.

Note 3 – Property and Equipment

Property and equipment consisted of the following at December 31:

	2023	2022
Property and equipment, cost or donated value:		
Furniture, fixtures and equipment	$ 83,934	$ 131,436
Software and website	161,531	161,531
Leasehold improvements	15,394	14,561
Total cost or donated value	260,859	307,528
Accumulated depreciation	(164,078)	(198,468)
Property and equipment, net	$ 96,781	$ 109,060
Right of use assets:		
Buildings and transitional housing units	$ 761,352	$ -
Vehicles	49,126	-
Equipment	77,598	-
Total right of use assets	888,076	-
Less accumulated amortization	(326,778)	-
Right of use assets, net	$ 561,298	$ -

Note 4 – Retirement Plan

The Organization established a 403(b) plan (Plan) for qualifying employees that meet certain age and minimum service requirements. The Plan allows for eligible employees to defer a portion of their compensation. Such deferrals accumulate on a tax-deferred basis until the employee withdraws the funds. The Organization is required to make a matching contribution up to 3% of the employee's compensation to the Plan. During the year ended June 30, 2023 and 2022 the Organization made matching contributions of $21,310 and $15,055 to the Plan, respectively.

Note 5 – Risks and Uncertainties

The Organization received approximately 31% and 33% of its revenues and support from grants and contributions for the years ending June 30, 2023 and 2022, respectively. It is always reasonably possible that benefactors, grantors, or contributors might be lost in the near term. The Organization's activities are concentrated in the greater Phoenix area.

Note 6 – Lease Commitments

The Organization has entered into leasing arrangements with third party lessors for its office and administrative spaces. These leases call for monthly payments of between approximately $1,500 and $2,500 per month. Some of these leases are on a monthly basis while the others expire in June 2024, November 2024, December 2024, and September 2025.

The Organizations has entered into two leasing arrangements with third party lessors for its Workforce Village program Apartments. These leases call for monthly payments of approximately $6,500 per month. Both leases expire in January of 2024. During 2023 the Organization entered into another lease for transitional housing with monthly lease payments of $13,942 expiring December 2024

The Organization has two leases for vehicles that are classified as operating leases and expire in March 2025 and January 2024, with monthly lease payments of $978 and $1,189. The Organization has also entered into an equipment lease with monthly lease payments of $1,432, ending March 2028.

The initial lease liability and a corresponding right-to-use assets for the above leases at July 1, 2022 was $395,729 based on the present value of the lease payments using the estimated incremental borrowing rate of 6%. During 2023 new leases were entered into resulting in an additional $492,347 right to use asset and lease liability. The amortized lease liability balance as of June 30, 2023 on the above leases totaled $567,100.

At June 30, 2023 the future, undiscounted lease payments under these leases are as follows:

Years ending June 30,	
2024	$ 385,734
2025	162,601
2026	21,682
2027	17,184
2028	12,888
Total minimum lease payments	600,089
Less present value discount	(32,989)
Present value of minimum operating lease payments	$ 567,100

Note 7 – Donated Materials, Services and Other

Donated materials and services consisted of the following at June 30,:

Donation Type	Revenue Recognized as of June 30, 2023	Revenue Recognized as of June 30, 2022	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and inputs
Non-Financial Asset					
Short-term donated facilities	$ 417,250	$ 403,351	Transitional housing	None	Estimated fair value based on cost to purchase
Bus passes, gift cards, clothing	239,061	158,979	Client assistance	None	Estimated fair value based on cost to purchase
Professional services	27,162	31,244	Client assistance	None	Estimated fair value based on cost to purchase
	$ 683,473	$ 593,574			

Single Audit Section

Auditor’s Section

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
St. Joseph the Worker

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. Joseph the Worker ("Organization"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2023.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Snyder & Brown CPAs. PLLC

Tempe, Arizona
November 30, 2023

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
St. Joseph the Worker

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the St. Joseph The Worker's (a non-profit entity) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of St. Joseph The Worker's major federal programs for the year ended June 30, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, St. Joseph The Worker complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding St. Joseph The Worker'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. Joseph The Worker's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of St. Joseph The Worker's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Snyder & Brown CPAs. PLLC

Snyder & Brown, CPAS, PLLC
Tempe, Arizona
November 30, 2023

St. Joseph the Worker
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	No (none reported)
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	No (none reported)
Type of auditor's report issued on compliance for major programs?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 500.516(a)?	No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
21.027	Coronavirus State and local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

Other Matters

Auditee's summary schedule of prior audit findings	Yes

St. Joseph the Worker
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section II – Financial Statement Findings

None reported

Section III – Federal Award Findings and Questioned Costs

None reported

Auditee's Section

St. Joseph the Worker
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/ Pass Through Grantor/Program Title		Assistance Listing Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Agriculture				
Passed through Arizona Department of Economic Security -				
Supplemental Nutrition Assistance Program		10.551	CTR052043 / CTR061896	$ 257,785
Total U.S. Department of Justice				257,785
U.S. Department of Housing and Urban Development				
Passed through Arizona Department of Economic Security				
Emergency Solutions Grant Program	COVID-19	14.231	DES-HMLS-2C02	121,888
Passed through City of Phoenix				
Emergency Solutions Grant Program	COVID-19	14.231	None	220,227
Total 14.231 and U.S. Department of Housing and Urban Development				342,115
U.S. Department of Treasury				
Passed through Maricopa County, Arizona				
Coronavirus State and local Fiscal Recovery Funds	COVID-19	21.027	220151 / 220154 / 220148	1,509,201
Total U.S. Department of Treasury				1,509,201
Total expenditures of federal awards				$ 2,109,101

See accompanying notes to the schedule of expenditures of federal awards.

St. Joseph the Worker
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of St. Joseph the Worker ("the Organization"). The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 3 – Federal assistance Listing Numbers

The program titles and Assistance Listing numbers were obtained from the federal or pass-through grantor or the 2023 Federal Assistance Listings.

Note 4 - Indirect Costs

The Organization elected to use the 10 percent de minimis indirect cost rate.

Summary Schedule of Prior Audit Findings

We have prepared the accompanying summary schedule of prior year findings as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Specifically, we are reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs.

The findings below are numbered with the finding numbers assigned in the 2022 schedule of findings and questioned costs.

Federal Award Finding

Finding 2022-101 – ***Untimely Submission of Single Audit (Significant Deficiency, Compliance Finding)***

Assistance listing Numbers: 14.231; 21.027

Status –Corrected.