



Financial Statements,
Schedule of Expenditures of Federal Awards, and
Reports Required by Government Auditing Standards and
the Uniform Guidance
June 30, 2018 and 2017
**Catholic Community Services
Of Utah**

Catholic Community Services of Utah

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June 30, 2018 and 2017

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Independent Auditor's Report

The Board of Trustees
Catholic Community Services of Utah
Salt Lake City, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of Catholic Community Services of Utah, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Community Services of Utah as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules on pages 22-25 are presented for the purpose of additional analysis and are 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 our audits 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 taken as a whole.

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2018, on our consideration of Catholic Community Services of Utah'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Catholic Community Services of Utah's internal control over financial reporting and compliance.



Salt Lake City, Utah
September 20, 2018

Catholic Community Services of Utah
 Statements of Financial Position
 June 30, 2018 and 2017

	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,908,159	\$ 2,437,944
Promises to give, grants and contracts receivable, net	585,486	1,276,490
Inventory, net	372,600	407,169
Prepaid expenses and other assets	137,221	166,109
Total current assets	4,003,466	4,287,712
Investments - Operating	1,528,775	1,509,853
Property and Equipment, net	6,554,578	5,473,723
Beneficial Interest in Assets Held by Catholic Foundation of Utah	4,776,333	3,916,086
	\$ 16,863,152	\$ 15,187,374
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 256,835	\$ 252,845
Accrued expenses and other liabilities	350,967	366,321
Advances and deposits	111,792	111,792
Current portion of capital lease payable	13,225	12,477
Total current liabilities	732,819	743,435
Long-term Liabilities		
Capital lease payable, less current portion	8,119	21,445
Total liabilities	740,938	764,880
Net Assets		
Unrestricted		
Undesignated	2,377,963	2,382,093
Invested in endowments	3,683,003	2,743,881
Invested in investments - operating	1,528,775	1,509,853
Invested in property and equipment	6,533,234	5,439,801
	14,122,975	12,075,628
Temporarily restricted	999,239	1,346,866
Permanently restricted	1,000,000	1,000,000
Total net assets	16,122,214	14,422,494
	\$ 16,863,152	\$ 15,187,374

Catholic Community Services of Utah
Statement of Activities
Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Support, and Gains				
Public support				
Private donors	\$ 3,413,322	\$ 396,708	\$ -	\$ 3,810,030
Gross special events revenue	568,373	-	-	568,373
Less cost of direct benefit to donors	(98,232)	-	-	(98,232)
Net special events revenue	470,141	-	-	470,141
In-kind donations	6,862,307	-	-	6,862,307
Net assets released from restrictions	665,459	(665,459)	-	-
Total public support	11,411,229	(268,751)	-	11,142,478
Grants and contracts	5,591,349	-	-	5,591,349
Program income	98,168	-	-	98,168
Rental income	108,314	-	-	108,314
Change in value of beneficial interest in assets held by Catholic Foundation of Utah	185,574	61,964	-	247,538
Dividend and interest income	77,595	-	-	77,595
Other income	7,496	-	-	7,496
Net assets released from restrictions	140,840	(140,840)	-	-
Total revenue, support, and gains	17,620,565	(347,627)	-	17,272,938
Expenses and Losses				
Program services expenses				
Migration Refugee Services	5,539,547	-	-	5,539,547
Treatment services	83,526	-	-	83,526
Homeless services	2,231,080	-	-	2,231,080
Catholic Community Services of Northern Utah	6,396,848	-	-	6,396,848
Total program services expenses	14,251,001	-	-	14,251,001
Supporting services expenses				
Management and general	1,013,305	-	-	1,013,305
Fundraising and development	308,912	-	-	308,912
Total supporting services expenses	1,322,217	-	-	1,322,217
Total expenses and losses	15,573,218	-	-	15,573,218
Change in Net Assets	2,047,347	(347,627)	-	1,699,720
Net Assets, Beginning of Year	12,075,628	1,346,866	1,000,000	14,422,494
Net Assets, End of Year	\$ 14,122,975	\$ 999,239	\$ 1,000,000	\$ 16,122,214

See Notes to Financial Statements

Catholic Community Services of Utah
Statement of Activities
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Support, and Gains				
Public support				
Private donors	\$ 2,662,962	\$ 887,521	\$ -	\$ 3,550,483
Gross special events revenue	437,441	-	-	437,441
Less cost of direct benefit to donors	(91,214)	-	-	(91,214)
Net special events revenue	346,227	-	-	346,227
In-kind donations	8,244,914	-	-	8,244,914
Net assets released from restrictions	1,083,701	(1,083,701)	-	-
Total public support	12,337,804	(196,180)	-	12,141,624
Grants and contracts	6,778,863	-	-	6,778,863
Program income	108,160	-	-	108,160
Rental income	101,087	-	-	101,087
Change in value of beneficial interest in assets held by Catholic Foundation of Utah	142,481	86,279	-	228,760
Dividend and interest income	46,548	-	-	46,548
Other income	13,606	-	-	13,606
Net assets released from restrictions	139,681	(139,681)	-	-
Total revenue, support, and gains	19,668,230	(249,582)	-	19,418,648
Expenses and Losses				
Program services expense				
Migration Refugee Services	7,183,000	-	-	7,183,000
Treatment services	91,622	-	-	91,622
Homeless services	2,318,820	-	-	2,318,820
Catholic Community Services of Northern Utah	7,087,262	-	-	7,087,262
Total program services expenses	16,680,704	-	-	16,680,704
Supporting services expense				
Management and general	1,102,098	-	-	1,102,098
Fundraising and development	307,893	-	-	307,893
Total supporting services expenses	1,409,991	-	-	1,409,991
Total expenses and losses	18,090,695	-	-	18,090,695
Change in Net Assets	1,577,535	(249,582)	-	1,327,953
Net Assets, Beginning of Year	10,498,093	1,596,448	1,000,000	13,094,541
Net Assets, End of Year	\$ 12,075,628	\$ 1,346,866	\$ 1,000,000	\$ 14,422,494

See Notes to Financial Statements

Catholic Community Services of Utah
Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services				Total	Management and General	Fundraising and Development	Total
	Migration Refugee Services	Treatment Services	Homeless Services	Catholic Community Services of Northern Utah				
Bad debt expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20	\$ 20
Communications	43,150	1	8,875	14,546	66,572	9,356	4,422	80,350
Conferences and meetings	16,581	-	4,897	2,971	24,449	24,947	2,462	51,858
Depreciation and amortization	132,292	58,780	84,965	113,975	390,012	94,639	3,451	488,102
Dues and subscriptions	21,324	77	2,760	2,697	26,858	5,177	2,223	34,258
Events	-	-	-	-	-	-	98,232	98,232
Insurance	9,446	7,316	8,717	13,923	39,402	1,811	94	41,307
Interest expense	638	-	191	148	977	127	14	1,118
Miscellaneous	10,026	-	649	447	11,122	(688)	6,658	17,092
Participant assistance	686,666	-	30,457	38,452	755,575	-	41	755,616
Participant assistance (in-kind)	291,475	1,119	848,720	5,673,578	6,814,892	5,199	4,577	6,824,668
Professional fees	373,888	219	162,798	5,765	542,670	86,493	3,673	632,836
Rent	25,861	-	72,415	-	98,276	44,781	11,599	154,656
Repairs and maintenance	14,955	3,165	34,470	33,883	86,473	10,217	328	97,018
Salaries, benefits and taxes	2,576,083	363	886,144	411,248	3,873,838	745,073	263,836	4,882,747
Subcontractors	1,196,191	-	-	-	1,196,191	-	-	1,196,191
Supplies	17,227	-	10,098	27,274	54,599	8,402	4,484	67,485
Transportation	100,886	-	8,534	21,558	130,978	(23,772)	940	108,146
Utilities	22,858	12,486	66,390	36,383	138,117	1,543	90	139,750
	<u>5,539,547</u>	<u>83,526</u>	<u>2,231,080</u>	<u>6,396,848</u>	<u>14,251,001</u>	<u>1,013,305</u>	<u>407,144</u>	<u>15,671,450</u>
Less expenses included with revenues on the statement of activities								
Cost of direct benefit to donors	-	-	-	-	-	-	(98,232)	(98,232)
Total functional expenses	<u>\$ 5,539,547</u>	<u>\$ 83,526</u>	<u>\$ 2,231,080</u>	<u>\$ 6,396,848</u>	<u>\$ 14,251,001</u>	<u>\$ 1,013,305</u>	<u>\$ 308,912</u>	<u>\$ 15,573,218</u>

Catholic Community Services of Utah
Statement of Functional Expenses
Year Ended June 30, 2017

	Program Services				Total	Management and General	Fundraising and Development	Total
	Migration Refugee Services	Treatment Services	Homeless Services	Catholic Community Services of Northern Utah				
Bad debt expense	\$ -	\$ -	\$ -	\$ 275	\$ 275	\$ -	\$ -	\$ 275
Communications	64,437	46	11,869	9,028	85,380	39,315	8,319	133,014
Conferences and meetings	15,151	-	1,712	1,857	18,720	13,301	7,219	39,240
Depreciation and amortization	115,312	73,094	81,213	91,074	360,693	89,232	2,809	452,734
Dues and subscriptions	31,126	23	2,668	2,346	36,163	5,943	870	42,976
Events	-	-	-	-	-	-	91,214	91,214
Insurance	9,149	3,743	8,514	13,277	34,683	4,789	30	39,502
Interest expense	1,018	-	252	209	1,479	184	17	1,680
Miscellaneous	1,670	-	3,000	33	4,703	6,088	9,248	20,039
Participant assistance	1,452,365	-	24,909	7,069	1,484,343	-	-	1,484,343
Participant assistance (in-kind)	646,019	-	994,753	6,461,504	8,102,276	11,974	929	8,115,179
Professional fees	356,701	215	169,293	3,044	529,253	72,445	8,446	610,144
Rent	76,509	-	72,414	-	148,923	45,949	12,333	207,205
Repairs and maintenance	33,981	2,073	36,087	25,543	97,684	21,442	393	119,519
Salaries, benefits and taxes	3,120,549	269	822,480	403,611	4,346,909	775,385	236,226	5,358,520
Subcontractors	1,123,940	-	-	-	1,123,940	-	-	1,123,940
Supplies	20,374	-	22,586	7,697	50,657	11,804	19,903	82,364
Transportation	97,086	-	11,317	21,458	129,861	-	1,108	130,969
Utilities	17,613	12,159	55,753	39,237	124,762	4,247	43	129,052
	<u>7,183,000</u>	<u>91,622</u>	<u>2,318,820</u>	<u>7,087,262</u>	<u>16,680,704</u>	<u>1,102,098</u>	<u>399,107</u>	<u>18,181,909</u>
Less expenses included with revenues on the statement of activities								
Cost of direct benefit to donors	-	-	-	-	-	-	(91,214)	(91,214)
Total functional expenses	<u>\$ 7,183,000</u>	<u>\$ 91,622</u>	<u>\$ 2,318,820</u>	<u>\$ 7,087,262</u>	<u>\$ 16,680,704</u>	<u>\$ 1,102,098</u>	<u>\$ 307,893</u>	<u>\$ 18,090,695</u>

Catholic Community Services of Utah
Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	2018	2017
Operating Activities		
Change in net assets	\$ 1,699,720	\$ 1,327,953
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	488,102	452,734
Return on investments - operating	(18,922)	-
Change in beneficial interest in assets held by others	(247,538)	(228,760)
(Gain) loss on sale of fixed assets	446	(14,214)
Changes in operating assets and liabilities		
Promises to give, grants and contracts receivable	691,004	(296,322)
Inventory	34,569	(53,627)
Prepaid expenses and other assets	28,888	(92,358)
Accounts payable	3,990	22,735
Accrued expenses and other liabilities	(15,354)	60,194
Net Cash from Operating Activities	2,664,905	1,178,335
Investing Activities		
Purchases of property and equipment	(1,569,403)	(636,309)
Proceeds from sale of fixed assets	-	27,000
Investment in Catholic Community Services Providing Help, Creating Hope Endowment	(753,550)	(2,601,400)
Proceeds from beneficial interest in assets held by Catholic Foundation of Utah	140,841	139,681
Purchase of investments - operating	-	(1,509,853)
Net Cash used for Investing Activities	(2,182,112)	(4,580,881)
Financing Activities		
Principal payments on capital lease payable	(12,578)	(15,345)
Net Cash used for Financing Activities	(12,578)	(15,345)
Net Change in Cash and Cash Equivalents	470,215	(3,417,891)
Cash and Cash Equivalents, Beginning of Year	2,437,944	5,855,835
Cash and Cash Equivalents, End of Year	\$ 2,908,159	\$ 2,437,944
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 1,145	\$ 1,680
Supplemental Disclosure of Non-cash Investing and Financing Activity		
Equipment financed through capital lease arrangement	\$ -	\$ 40,187

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Catholic Community Services of Utah (CCS) is a nonprofit corporation organized under the laws of the State of Utah. CCS is the social service organization of the Catholic Diocese of Salt Lake City (the Diocese). CCS provides social services to those in need in certain communities throughout Utah.

CCS' principal programs comprise the following:

Migration Refugee Services: Provides refugees with resettlement services and orientation, and case management including job development. Also provides legal services to non-residents seeking citizenship, work permits, and family reunification.

Treatment Services: Provides residential and outpatient drug and alcohol treatment, case management and transitional housing.

Homeless Services: Provides basic needs services, including food, clothing, day shelter, referrals and case management to the homeless and those at risk of homelessness.

Catholic Community Services of Northern Utah: Provides food to individuals and local food pantries, and baby layettes to poor, working families.

Cash and Cash Equivalents

CCS considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of CCS are excluded from this definition.

Investments - Operating

CCS holds operating investments which mainly consist of certificates of deposit with various financial institutions whose current maturities range from September 2018 to May 2019. As they become available for renewal CCS expects to renew these certificates of deposit for periods longer than three months. Accordingly, CCS does not consider these certificates of deposit to be cash equivalents and has classified them as non-current assets in the accompanying statements of financial position.

Grants and Contracts Receivable and Credit Policies

CCS receives substantial funding through federal, state, and other grants and contracts. The majority of these grants and contracts operate on a cost reimbursement basis. Generally, accounts receivable and the related revenues are recorded when the applicable expenses to grant awards have been incurred. Certain grants require that CCS match the funds received with other funds in varying percentages. Management determines the allowance for uncollectable contracts and grants receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contracts and grants receivable are written off when deemed uncollectable.

Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give 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. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

Inventory

Inventory represents food inventory on hand, net of an allowance for perishables, in the Catholic Community Services of Northern Utah program and bulk supplies held by CCS. A substantial portion of food inventory is received from the Utah Food Bank, another nonprofit organization. Contribution revenue, participant assistance, and food inventory is valued at \$1.70 per pound of food during the years ended June 30, 2018 and 2017.

Property and Equipment

Property and equipment additions are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to thirty-nine years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

CCS reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2018 and 2017.

Beneficial Interest in Assets Held by Catholic Foundation of Utah

CCS and donors have transferred funds to an affiliated organization, the Catholic Foundation of Utah (CFU), for the benefit of CCS or its programs. CCS has evaluated the terms of the agreements governing the funds held by CFU for the benefit of CCS or its programs and recognizes its right to the assets (financial or nonfinancial) held by CFU as an asset unless CFU is explicitly granted variance power, that is, the unilateral power to redirect the use of the transferred assets to another beneficiary. Because CCS and CFU are financially interrelated organizations, as defined by generally accepted accounting principles (GAAP), if variance power is not granted to CFU, CCS recognizes its interest in the net assets of CFU and adjusts that interest for its share of the change in net assets of CFU related to the transferred assets. In cases where CFU has been granted variance power, CCS recognizes its rights to the assets held by CFU as receivable and contribution revenue in accordance with GAAP provisions for unconditional promises to give.

Net Assets

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

Unrestricted Net Assets – Net assets available for use in general operations.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by the Board of Trustees.

CCS reports contributions restricted by donors as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of CCS. The restrictions stipulate that resources be maintained permanently but permit CCS to expend the income generated in accordance with the provisions of the agreements.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to CCS' program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by GAAP. Contributed goods are recorded at fair value at the date of donation. CCS records donated professional services at the respective fair values of the services received.

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 by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

CCS is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), that qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). CCS' activity is included with other charitable activity of the Catholic Diocese of Salt Lake City. This combined entity is not required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS because the Catholic Diocese of Salt Lake City is a religious organization exempt from filing. In addition, the combined entity is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. CCS has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

CCS believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. CCS would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

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

Financial Instruments and Credit Risk

CCS manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, CCS has not experienced losses in any of these accounts. Credit risk associated with grants and contracts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of CCS' mission.

Subsequent Events

CCS has evaluated subsequent events through September 20, 2018, the date the financial statements were available to be issued.

Note 2 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that CCS can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, CCS develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to CCS' assessment of the quality, risk or liquidity profile of the asset or liability.

The fair value of CCS' beneficial interest in assets held by CFU is based on the fair value of fund investments as reported by CFU. These are considered to be Level 2 measurements.

Catholic Community Services of Utah

Notes to Financial Statements

June 30, 2018 and 2017

The following table presents assets measured at fair value on a recurring basis at June 30, 2018:

	Fair Value Measurements at Report Date Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in assets held by Catholic Foundation of Utah	\$ 4,776,333	\$ -	\$ 4,776,333	\$ -

The following table presents assets measured at fair value on a recurring basis at June 30, 2017:

	Fair Value Measurements at Report Date Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in assets held by Catholic Foundation of Utah	\$ 3,916,086	\$ -	\$ 3,916,086	\$ -

Note 3 - Promises to Give, Grants and Contracts Receivable

Promises to give, grants and contracts receivable are expected to be received within one year and consist of the following at June 30, 2018 and 2017:

	2018	2017
State of Utah - various	\$ 376,627	\$ 640,783
United States Conference of Catholic Bishops	52,254	145,468
United Way	60,000	103,390
Marilyn O' Connor Estate	-	339,971
American Express	40,000	-
Other	76,605	66,878
Less estimated uncollectible amounts	(20,000)	(20,000)
	\$ 585,486	\$ 1,276,490

Note 4 - Inventory

Inventory consists of the following at June 30, 2018 and 2017:

	2018	2017
Food and consumables inventory	\$ 386,895	\$ 421,113
Allowance for perishable food	(23,049)	(23,049)
Supplies	8,754	9,105
	\$ 372,600	\$ 407,169

Note 5 - Property and Equipment

Property and equipment consists of the following at June 30, 2018 and 2017:

	2018	2017
Buildings and improvements	\$ 7,554,635	\$ 6,051,892
Equipment	1,262,073	1,182,364
Land	669,968	669,968
Autos and trucks	821,952	768,254
Leasehold improvements	733,753	739,369
Computer equipment	323,085	303,215
Furniture and fixtures	40,949	126,227
Software	53,307	50,405
	11,459,722	9,891,694
Less accumulated depreciation and amortization	(4,905,144)	(4,417,971)
	\$ 6,554,578	\$ 5,473,723

Note 6 - Line of Credit

CCS has a \$200,000 unsecured revolving line of credit with a bank. As of June 30, 2018 and 2017 there were no borrowings on the line of credit. The line of credit is available until November 5, 2018. The line bears interest at the greater of a floating rate of the Prime Rate plus 0.75% or a floor of 4.00%.

Note 7 - Concentrations

As the social service arm of the Diocese, a substantial portion of the support received by CCS comes from various Catholic organizations. The Organization also receives a substantial portion of its support from governmental entities. A loss of this support would have a materially adverse effect on CCS.

Note 8 - Leases

CCS leases office space under operating leases expiring at various dates through 2020 and leases equipment under capital leases expiring in 2020.

Future minimum lease payments are as follows:

Years Ending June 30,	Capital Leases	Operating Leases
2019	\$ 13,728	\$ 61,834
2020	8,128	9,819
Total minimum lease payments	21,856	<u>\$ 71,653</u>
Less amount representing interest	<u>512</u>	
Capital lease obligation	<u>\$ 21,344</u>	

Total rent expense for the years ended June 30, 2018 and 2017 totaled \$154,656 and \$207,205, respectively.

CCS leases the St. Vincent de Paul Dining Hall from the Diocese, a related party, for the operation of part of its Homeless Services program. The Diocese donates the cost of the rent to CCS as further described in Note 11.

At June 30, 2018 and 2017, leased property under capital lease totals \$38,156 and \$40,187, respectively, with associated accumulated amortization of \$16,812 and \$11,338, respectively.

Note 9 - Beneficial Interest in Assets Held by Catholic Foundation of Utah

In 1992, Jon and Karen Huntsman Foundation, (the Donor) made a permanently restricted contribution of \$1 million and stipulated that the earnings be used to benefit the St. Vincent de Paul Center operated by CCS. In 1994, CCS, CFU, and the Donor, entered into a gift agreement whereby CFU was made responsible for the investment and administration of the \$1 million permanently restricted contribution.

CCS' Board of Trustees has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. The donor has specifically stipulated that the original endowment principal may only be expended with the prior written consent of the donor, but the earnings on the endowment are to be used to benefit the St. Vincent de Paul Center. As a result of this interpretation, CCS classifies as permanently restricted net assets (a) the original value of gifts donated to the endowment, and (b) the original value of subsequent gifts donated to the endowment. The remaining portion of the donor-restricted endowment is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by CCS in a manner consistent with the standard of prudence prescribed by

UPMIFA. CCS 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 organization and the donor-restricted endowment fund
- 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 organization
- The investment policies of the organization

At June 30, 2018 and 2017, CCS has recorded \$1,093,330 and \$1,172,205 respectively, as the value of the beneficial interest in assets administered by CFU relating to this permanently restricted contribution.

During the years ended June 30, 2018 and 2017, CCS transferred \$753,550 and \$2,601,400, respectively, to CFU representing an unrestricted, board designated endowment. This board designated endowment was transferred to CFU in order to generate a higher return on investment. Amounts will be distributed back to CCS at the direction of the Board of Trustees of CCS.

During the years ended June 30, 2018 and 2017, CCS recorded gains of \$247,538 and \$228,760, respectively, as change in interest in the net assets of CFU. During the years ended June 30, 2018 and 2017, \$140,840 and \$139,681, respectively, was transferred to and received in cash by CCS.

CFU held other permanently restricted contributions, with a value of approximately \$1,075,000 and \$1,025,000, respectively, at June 30, 2018 and 2017. These contributions were designated by the donors, either in whole or in part, for the benefit of CCS or its programs; however, CFU retains variance power to redirect these contributions and the earnings on these contributions. Accordingly, with respect to these contributions, CCS has not recorded its interest in these net assets of CFU at June 30, 2018 and 2017.

Catholic Community Services of Utah
Notes to Financial Statements
June 30, 2018 and 2017

Changes in Endowment net assets for the years ended June 30, 2018 and 2017 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Year Ended June 30, 2018</u>				
Beneficial interest in assets held by Catholic Foundation of Utah, beginning of year	\$ 2,743,881	\$ 172,205	\$ 1,000,000	\$ 3,916,086
Investment return				
Investment income, net of fees	29,826	8,879	-	38,705
Net realized and unrealized gain (loss)	155,748	53,085	-	208,833
	<u>2,929,455</u>	<u>234,169</u>	<u>1,000,000</u>	<u>4,163,624</u>
Contributions	753,550	-	-	753,550
Distributions				
Appropriation of endowment assets pursuant to spending-rate policy	-	(140,841)	-	(140,841)
Endowment net assets, end of year	<u>\$ 3,683,005</u>	<u>\$ 93,328</u>	<u>\$ 1,000,000</u>	<u>\$ 4,776,333</u>
<u>Year Ended June 30, 2017</u>				
Beneficial interest in assets held by Catholic Foundation of Utah, beginning of year	\$ -	\$ 225,607	\$ 1,000,000	\$ 1,225,607
Investment return				
Investment income, net of fees	14,178	19,597	-	33,775
Net realized and unrealized gain (loss)	128,303	66,682	-	194,985
	<u>142,481</u>	<u>311,886</u>	<u>1,000,000</u>	<u>1,454,367</u>
Contributions	2,601,400	-	-	2,601,400
Distributions				
Appropriation of endowment assets pursuant to spending-rate policy	-	(139,681)	-	(139,681)
Endowment net assets, end of year	<u>\$ 2,743,881</u>	<u>\$ 172,205</u>	<u>\$ 1,000,000</u>	<u>\$ 3,916,086</u>

Note 10 - Restricted Net Assets

Temporarily Restricted

Temporarily restricted net assets consist of the following at June 30, 2018 and 2017:

	2018	2017
Restricted by donors for		
Northern Utah - operations and client assistance	\$ 404,965	\$ 411,830
St. Marthas - operations and program supplies	110,738	144,606
St. Vincent de Paul Center (held by CFU)	93,328	172,205
Northern Utah - capital needs	91,630	360,532
MRS - Emergency funds for client shortfall	68,934	-
MRS client assistance	67,034	39,016
United Way - time restriction	60,000	103,390
Homeless Services - capital needs	41,755	31,065
Quarters for Christmas	35,632	35,976
Other	20,264	45,268
Homeless Services - client assistance	4,959	2,978
	\$ 999,239	\$ 1,346,866

Permanently Restricted

Permanently restricted net assets totaling \$1 million at June 30, 2018 and 2017 represent a permanently restricted donation from the Jon and Karen Huntsman Foundation (Donor). As further discussed in Note 9, an agreement was entered into between CCS, CFU, and the Donor, whereby the responsibility for the investment and administration of this donation was transferred to CFU. Earnings on this donation are restricted to provide food, shelter, and clothing to homeless persons and other persons who by reason of condition of poverty or otherwise are in need of such assistance; provided, however, that for so long as the St. Vincent de Paul Center shall have need of funds to provide food, clothing, and shelter to homeless persons in the State of Utah, all income derived from the endowment shall be directed to the St. Vincent de Paul Center for such purposes.

Note 11 - Donated Professional Services and Materials

CCS received donated materials and professional services as follows during the years ended June 30, 2018 and 2017:

	2018	2017
Food and consumables	\$ 5,833,047	\$ 6,956,724
Clothing and furnishings	835,141	1,060,305
Rent	72,000	72,000
Other	122,119	155,885
	\$ 6,862,307	\$ 8,244,914

Related expenses included in the statements of activities total \$6,896,668 and \$8,187,180 for the years ended June 30, 2018 and 2017, respectively. Donated materials primarily represent the donation of food items that are provided to or consumed by participants in CCS' Homeless Services and Catholic Community Services of Northern Utah programs. The differences between the revenue and expense primarily represent an increase or decrease in food inventory. Substantially all of these donated materials were used in CCS' programs.

Note 12 - Employee Benefits

CCS participates in the Lay Employees' Pension Plan and Trust (the Plan), which is the defined contribution (profit sharing) retirement plan sponsored by the Diocese. All employees twenty one years of age and older who have at least six hundred hours of service in a plan year are eligible to participate in the Plan. An employee begins vesting in the Plan after three years and is fully vested at the end of five years. CCS contributes 6% of its eligible employees' gross wages to the Plan. For the years ended June 30, 2018 and 2017, CCS contributed \$197,999 and \$207,402, respectively, to the Plan.

Note 13 - Related Party Transactions

During the years ended June 30, 2018 and 2017, CCS received cash donations of \$103,318 and \$100,000, respectively, and in-kind rent of \$72,000 and \$72,000, respectively, from the Diocese. In addition, CCS reimburses the Diocese for costs of insurance and certain employee benefits as these costs are incurred by the Diocese.

During the years ended June 30, 2018 and 2017, CCS recorded revenue of \$1,136,330 and \$2,330,785, respectively, as a sub-recipient of federal grant awards made by the United States Conference of Catholic Bishops (USCCB). At June 30, 2018 and 2017, \$52,254 and \$145,468, respectively, is recorded as receivable from USCCB.

CFU and CCS are both affiliates of the Diocese. CFU raises and holds contributions for CCS and other local affiliates of the Diocese. At June 30, 2018 and 2017, CCS has recorded its interest in the net assets of CFU totaling \$4,776,333 and \$3,916,086, respectively, relating to funds transferred to CFU over which CFU has not been granted variance power. CCS has not recorded any unconditional promises to give from CFU at June 30, 2018 and 2017.

Note 14 - Subsequent Events

Subsequent to June 30, 2018, CCS entered into an agreement to sell one of its buildings located in Salt Lake City, Utah for approximately \$3,000,000. At the same time, CCS entered into an agreement to purchase a larger building in Salt Lake City, Utah for approximately \$2,500,000. CCS expects to incur an additional \$500,000 in renovation costs on the purchased building.



Supplementary Information and
Schedule of Expenditures of Federal Awards and Reports
Required by Government Auditing Standards and the
Uniform Guidance
June 30, 2018
Catholic Community Services of Utah

Catholic Community Services of Utah
Combining Statement of Functional Expenses
Year Ended June 30, 2018

Migration Refugee Services

	Reception and Placement	Match Grant	TANF	Preferred Communities	Health Screening Services	Refugee Preventative Health	Refugee Youth Coordinator	Refugee Foster Care	Unaccompanied Refugee Minor	Immigration Services	Citizen Integration Services	Sharehouse Operations	Total
Bad debt expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Communications	3,165	2,324	6,072	1,707	1,658	400	1,355	16,341	-	7,261	2,375	492	43,150
Conferences and meetings	1,873	558	824	1,911	166	-	1,717	7,445	-	1,281	50	756	16,581
Depreciation and amortization	16,460	26,029	24,472	14,621	16,970	3,273	6,566	15,507	-	6,341	1,669	384	132,292
Dues and subscriptions	2,482	1,809	1,790	460	580	326	1,624	9,305	-	2,228	364	356	21,324
Events	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	1,434	1,289	1,641	375	1,424	318	621	2,203	-	(360)	101	400	9,446
Interest expense	121	29	93	21	31	8	26	137	-	127	45	-	638
Miscellaneous	7,386	-	30	-	-	-	-	2,500	-	110	-	-	10,026
Participant assistance	228,308	143,908	-	-	1,785	-	-	298,040	14,625	-	-	-	686,666
Participant assistance (in-kind)	102,513	62,196	100,648	133	217	49	5,175	20,326	-	66	14	138	291,475
Professional fees	4,918	3,559	3,267	1,567	1,161	-	1,261	356,278	-	1,777	-	100	373,888
Rent	17,693	7,579	543	-	-	-	46	-	-	-	-	-	25,861
Repairs and maintenance	1,695	1,546	2,438	1,019	1,526	355	724	4,122	-	1,414	116	-	14,955
Salaries, benefits and taxes	264,682	226,748	579,188	153,829	188,281	36,398	129,482	727,949	11,208	168,590	25,267	64,461	2,576,083
Subcontractors	-	-	-	-	-	-	-	1,187,511	-	8,680	-	-	1,196,191
Supplies	2,400	618	488	1,243	178	31	3,802	6,848	-	1,002	231	386	17,227
Transportation	3,730	3,267	16,473	7,108	2,525	747	4,719	56,398	-	2,372	98	3,449	100,886
Utilities	5,048	3,369	3,422	1,415	2,270	545	1,169	4,529	-	899	192	-	22,858
	<u>\$ 663,908</u>	<u>\$ 484,828</u>	<u>\$ 741,389</u>	<u>\$ 185,409</u>	<u>\$ 218,772</u>	<u>\$ 42,450</u>	<u>\$ 158,287</u>	<u>\$ 2,715,439</u>	<u>\$ 25,833</u>	<u>\$ 201,788</u>	<u>\$ 30,522</u>	<u>\$ 70,922</u>	<u>\$5,539,547</u>

Catholic Community Services of Utah
Combining Statement of Functional Expenses
Year Ended June 30, 2018

	<u>Treatment Services</u>
Bad debt expense	\$ -
Communications	1
Conferences and meetings	-
Depreciation and amortization	58,780
Dues and subscriptions	77
Events	-
Insurance	7,316
Interest expense	-
Miscellaneous	-
Participant assistance	-
Participant assistance (in-kind)	1,119
Professional fees	219
Rent	-
Repairs and maintenance	3,165
Salaries, benefits and taxes	363
Subcontractors	-
Supplies	-
Transportation	-
Utilities	<u>12,486</u>
Total	<u>\$ 83,526</u>

Catholic Community Services of Utah
Combining Statement of Functional Expenses
Year Ended June 30, 2018

	Homeless Services			
	St. Vincent de Paul Dining	Evening Meal Service	Weigand Center	Total
Bad debt expense	\$ -	\$ -	\$ -	\$ -
Communications	4,090	1,198	3,587	8,875
Conferences and meetings	2,840	53	2,004	4,897
Depreciation and amortization	36,759	26,098	22,108	84,965
Dues and subscriptions	1,279	453	1,028	2,760
Events	-	-	-	-
Insurance	2,482	995	5,240	8,717
Interest expense	81	11	99	191
Miscellaneous	649	-	-	649
Participant assistance	28,877	-	1,580	30,457
Participant assistance (in-kind)	179,970	222,763	445,987	848,720
Professional fees	19,565	17,481	125,752	162,798
Rent	38,815	33,600	-	72,415
Repairs and maintenance	15,771	11,407	7,292	34,470
Salaries, benefits and taxes	341,422	142,051	402,671	886,144
Subcontractors	-	-	-	-
Supplies	4,669	2,723	2,706	10,098
Transportation	6,906	1,498	130	8,534
Utilities	24,110	11,655	30,625	66,390
Total	\$ 708,285	\$ 471,986	\$ 1,050,809	\$ 2,231,080

Catholic Community Services of Utah
Combining Statement of Functional Expenses
Year Ended June 30, 2018

	Catholic Community Services of Northern Utah
	\$
Bad debt expense	-
Communications	14,546
Conferences and meetings	2,971
Depreciation and amortization	113,975
Dues and subscriptions	2,697
Events	-
Insurance	13,923
Interest expense	148
Miscellaneous	447
Participant assistance	38,452
Participant assistance (in-kind)	5,673,578
Professional fees	5,765
Rent	-
Repairs and maintenance	33,883
Salaries, benefits and taxes	411,248
Subcontractors	-
Supplies	27,274
Transportation	21,558
Utilities	36,383
	\$ 6,396,848
Total	

Catholic Community Services of Utah
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
<u>U.S. Department of Health & Human Services</u>			
Passed through Utah State Department of Workforce Services			
Refugee and Entrant Assistance - Refugee Foster Care	93.566	16DWS0152	\$ 2,833,391
Refugee and Entrant Assistance - ORR	93.566	136284	51,271
Temporary Assistance for Needy Families (TANF)	93.558	16DWS0204	631,590
Passed through Utah State Department of Health			
Refugee and Entrant Assistance - Refugee Health Screening	93.566	156237	137,504
Refugee and Entrant Assistance - Refugee Health Promotion	93.576	1301UTRCMA	35,716
Passed through United States Conference of Catholic Bishops			
Refugee and Entrant Assistance - Match Grant Program	93.567	Unavailable	375,826
Refugee and Entrant Assistance - Preferred Communities	93.576	Unavailable	187,090
Refugee and Entrant Assistance	93.576	Unavailable	398
Refugee and Entrant Assistance - TVAP	93.598	Unavailable	12,049
Passed through Salt Lake County Division of Community Resources and Development.			
Social Services Block Grant - Immigration	93.667	BJ-17117	<u>48,500</u>
Subtotal for US Department of Health & Human Services			<u>4,313,335</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Salt Lake City Corporation			
Emergency Solutions Grants - Weigand Resource Center	14.231	72-5-18-9924	<u>30,000</u>
Subtotal for U.S. Department of Housing & Urban Development			<u>30,000</u>
<u>U.S. Department of State</u>			
Passed through United States Conference of Catholic Bishops			
Refugee Admissions - R&P - Program Administration	19.510	Unavailable	197,690
Refugee Admissions - R&P - Direct Assistance	19.510	Unavailable	184,778
Refugee Admissions - R&P - Flex Funds	19.510	Unavailable	35,937
Refugee Admissions - R&P - Refugee FGC Focus Group	19.510	Unavailable	2,000
Refugee Admissions - R&P - C/H Program/Safe Passage	19.510	Unavailable	250
Refugee Admissions - R&P - POWR	19.510	Unavailable	6,583
Refugee Admissions - R&P - URM	19.510	Unavailable	26,400
Refugee Admissions - R&P - Remote Placement	19.510	Unavailable	<u>4,272</u>
Subtotal for U.S. Department of State			<u>457,910</u>

Catholic Community Services of Utah
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
<u>U.S. Department of Homeland Security</u>			
Passed through Office of US Citizen & Immigration Services Citizenship Education and Training - English Skills Learning Ctr	97.010	20U-CS-010-000007	\$ 25,452
Subtotal for U.S. Department of Homeland Security			<u>25,452</u>
<u>U.S. Department of Justice</u>			
Passed through United States Conference of Catholic Bishops Juvenile Mentoring Program	16.726	2015-JU-FX-0013	103,057
Subtotal for U.S. Department of Justice			<u>103,057</u>
<u>U.S. Federal Emergency Management Agency</u>			
Emergency Food and Shelter Program - Northern Utah	97.024	Unavailable	22,177
Emergency Food and Shelter Program - St. Vincent de Paul Center	97.114	Unavailable	48,892
Subtotal for U.S. Federal Emergency Management Agency			<u>71,069</u>
<u>U.S. Department of Agriculture</u>			
Passed through Utah State Department of Education Food Distribution Cluster - Emergency Food Assistance Program - Northern Utah Food Distribution	10.568	TEFAP 01-15	37,282
Subtotal for US Department of Agriculture			<u>37,282</u>
Total Federal Expenditures			<u>\$ 5,038,105</u>

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Catholic Community Services of Utah (the Organization) under programs of the federal government for the year ended June 30, 2018. The information is presented in accordance with 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). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note B - 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note C - Indirect Cost Rate

The Organization has elected to use the 10% de minimis cost rate.



**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***

The Board of Trustees
Catholic Community Services of Utah
Salt Lake City, Utah

We have audited, 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, the financial statements of Catholic Community Services of Utah, which comprise the statement of financial position as of June 30, 2018, 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 September 20, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Catholic Community Services of Utah'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 Catholic Community Services of Utah’s internal control. Accordingly, we do not express an opinion on the effectiveness of Catholic Community Services of Utah’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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 Catholic Community Services of Utah'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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Salt Lake City, Utah
September 20, 2018



Independent Auditor’s Report on Compliance for the Major Federal Program; and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Trustees
Catholic Community Services of Utah
Salt Lake City, Utah

Report on Compliance for the Major Federal Program

We have audited Catholic Community Services of Utah’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Catholic Community Services of Utah’s major federal program for the year ended June 30, 2018. Catholic Community Services of Utah’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on the compliance for the Catholic Community Services of Utah’s major federal program based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Catholic Community Services of Utah’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Catholic Community Services of Utah’s compliance.

Opinion on the Major Federal Program

In our opinion, Catholic Community Services of Utah complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of Catholic Community Services of Utah is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Catholic Community Services of Utah's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Catholic Community Services of Utah's 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement 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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Salt Lake City, Utah
September 20, 2018

Section I – 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 not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	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 Uniform Guidance 2 CFR 200.516	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Refugee and Entrant Assistance	93.566
Dollar threshold used to distinguish between type A and type B programs	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.